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**CHARACTERISTICS OF SUCCESSFUL ONLINE MARKETING
STRATEGIES IN SMALL AND MEDIUM SIZED ENTERPRISES:
A MULTIPLE CASE STUDY**

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ABSTRACT

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It is essential that companies structure KPIs that are aligned, attainable, acute, accurate, actionable, and alive to influence consumers and influence their business. By measuring the key performance indicators, digital marketing can change the course of SMEs and increase their profitability. This is an analytical study with a purpose to explain the relationship between implemented marketing strategies, with reference to PPC, on a business's performance, where increased revenues and the ROI will be taken into account as indicators of SME success. It combines findings from case study analysis, online survey and secondary data to draw conclusions. Main findings suggest the various challenges for SMEs while creating their marketing strategies for digital platforms. These challenges included the absence of the digital marketing strategy at all, conversions rates, high costs of cost-per-conversion (CPC) rate, revenues, online visibility, and need to attract more qualified traffic to their websites. Experiences from the six cases and analysis that was focused on PPC, and different aspects of this online marketing strategy, including account structure, keywords, budgets for different cases, testing right elements and optimization, lead to several important observations.

Table of Contents

1. INTRODUCTION.....	6
2. THEORETICAL PART: LITERATURE REVIEW.....	12
2.1. DIGITAL MARKETING: DEFINITION, TYPES, AND TOOLS	12
2.1.1. Definition.....	12
2.1.2. Search engine marketing (SEM).....	13
2.1.3. Search engine optimization (SEO)	14
2.1.4. Social media marketing.....	15
2.1.5. E-mail marketing.....	15
2.1.6. Content marketing.....	16
2.1.7. Display advertising	16
2.1.8. Affiliate marketing.....	17
2.2. KEY PERFORMANCE INDICATORS (KPIs) OF ONLINE MARKETING.....	17
2.2.1. KPI: Definition.....	17
2.2.2. ROI (Return on investment).....	20
2.2.3. Cost per acquisition (CPA)	20
2.2.4. Conversion rate	21
2.2.5. Customer lifetime value.....	21
2.3. ONLINE MARKETING STRATEGIES	22
2.3.1. Digital marketing planning	22
2.3.2. Building a buyer persona	23
2.3.3. Keyword ranks and analytics	24
2.3.4. Monitoring competition.....	24
2.3.5. Measurement of ROI	25
2.4. OBJECTIVES OF ONLINE MARKETING	25
2.4.1. Increase sales	26
2.4.2. Increase conversion rate	26
2.4.3. Brand building.....	27
2.4.4. Reduce bounce rate	27
2.4.5. Organic traffic volume	28
2.5. PPC MARKETING FOR SMES	28
2.5.1. Building a strong account structure.....	30
2.5.2. Targeting the right keywords	30
2.5.3. Define a budget for each campaign	31
2.5.4. Targeting the right geographic locations.....	31
2.5.5. Picking the right elements to test	31
2.5.6. Continuous optimization of campaigns.....	32
2.5.7. Taking advantage of remarketing.....	33
2.6. THEORETICAL SYNTHESIS	33
3. RESEARCH DESIGN / METHODOLOGY	35
3.1. DATA COLLECTION	35
3.2. DATA ANALYSIS.....	35
3.3. VALIDITY AND RELIABILITY	36
4. CASE STUDIES.....	37
4.1. CASE STUDY 1	37
4.1.1. Main challenges	37
4.1.2. Business approach.....	38
4.1.3. Results	39
4.2. CASE STUDY 2.....	41
4.2.1. Main challenges	41
4.2.2. Business Approach.....	41
4.2.3. Results	42

4.3. CASE STUDY 3.....	44
4.3.1. <i>Main Challenges</i>	45
4.3.2. <i>Business Approach</i>	46
4.3.3. <i>Results</i>	47
4.4. CASE STUDY 4.....	48
4.4.1. <i>Main challenges</i>	49
4.4.2. <i>Business approach</i>	49
4.4.3. <i>Results</i>	50
4.5. CASE STUDY 5.....	53
4.5.1. <i>Main challenges</i>	53
4.5.2. <i>Business approach</i>	54
4.5.3. <i>Results</i>	55
4.6. CASE STUDY 6.....	56
4.6.1. <i>Main challenges</i>	57
4.6.2. <i>Business approach</i>	57
4.6.3. <i>Results</i>	58
5. MAIN SURVEY FINDINGS.....	61
6. DISCUSSION	66
7. CONCLUSION	76
BIBLIOGRAPHY	81
APPENDIX.....	87

TABLES

Table 1: KPIs in Digital Marketing.....	19
Table 2: KPIs in Digital Marketing.....	20

GRAPHS

Graph 1: The most popular marketing channels.....	29
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CHARTS

Chart 1: Participants expertise.....	61
Chart 2: Reasons for cost-effectiveness of online marketing.....	61
Chart 3: Benefits of online marketing strategies.....	62
Chart 4: Relevance of AdWords & Bing.....	63
Chart 5: Importance of KPIs.....	63
Chart 6: Benefits of SEO.....	64
Chart 7: Importance of continuous marketing efforts.....	65

FIGURES

Figure 1: Number of conversions.....	39
Figure 2: Performance report on AdWords.....	40
Figure 3: Google merchandise report.....	40
Figure 4: Ecommerce report on Google Analytics.....	44
Figure 5: Revenue report on Google Analytics.....	47
Figure 6: Ecommerce report on Google Analytics.....	48
Figure 7: ROAS report on Google Analytics.....	50
Figure 8: Revenue & conversion report on Google Analytics.....	51
Figure 9: Conversion report on Google Analytics.....	51
Figure 10: Website performance report.....	52
Figure 11: Year on year performance analysis.....	55
Figure 12: Year on year conversions comparison.....	55
Figure 13: Ecommerce year on year comparison.....	56
Figure 14: Performance analysis on AdWords.....	58
Figure 15: Year on year revenue comparison on Google Analytics.....	59
Figure 16: Year on year conversions comparison.....	59
Figure 17: Website performance analysis.....	60

LIST OF ABBREVIATIONS

SME = Small and medium-sized enterprises

KPIs = Key performance indicators

SEM = Search engine marketing

SEO = Search engine optimization

PPC = Pay per click

CPC = Cost per click

CPA = Cost per acquisition

ROI = Return on investment

ROAS = Return on advertising spend

CTR = Click through rate

1. Introduction

Every day, millions of online business transactions occur worldwide. While these business discussions and purchases may seem trivial, it is essential to understand the motivation behind consumer activities and how they are related to the operation and, consequently, to the success of the small and medium-sized business. As technology evolves, and there is a proliferation of possibilities to work remotely using various online and cloud platforms, this significantly affects marketing strategies that actively embrace these opportunities becoming more and more sophisticated to lead multiple businesses to success. This is where business becomes aware of the importance of key performance indicators to monitor, evaluate their operation and envision success in the future. Profitability relies on the evolution of digital marketing into predictable purchases. In order to perform better and operate successfully, companies need to be able to predict and measure how the consumer thinks and purchases products to be profitable.

In such a context, it is a big challenge for Small and Medium Enterprises (SME) to strategically embrace the online opportunities for business and invest in their marketing activities to maximize their outcomes. But trends and data indicate that online marketing activities represent a promising niche for the SME development. According to the Advertising Association research from 2014, every “£1 spent on advertising benefits an SME eight times as much as it would a larger firm” (Chahal, 2015). Despite this opportunity, not many SME’s develop and implement marketing activities, and they listed lack of budget (40 %) and the lack of expertise (25 %) as a primary obstacle (Ibid.). This research tends to understand how a proper digital marketing strategy with a measurable KPI could be used to improve the business of SMEs. Indicators of success based on online marketing strategy will be elaborated in theoretical part. In order to do so, the thesis will research and analyze performance measurement techniques of selected cases – we need to name them here - to identify both, positive sides as well as the shortcoming of their measurement techniques. This will help us to

understand what functions well, what needs to be revised, as well as what needs to be improved or replaced in order to gain business success. Based on these findings, it would be possible to discuss and propose the best framework for SMEs in digital marketing strategy.

The expansion of digital marketing activities in different segments of business resulted with increased budgets for digital marketing activities, with priority aim to understand customer behavior and follow it up with adequate strategies (Järvinen, & Karjaluo, 2015). Today, most business strategies employ technology and digital marketing to draw customers to products and services, which is a shift from traditional marketing endeavors (Järvinen, & Karjaluo, 2015). For this study, digital marketing means “the marketing of products or services using digital channels to reach consumers” (Lexicon, n.d.). For businesses to be successful, it has to develop a mechanism to quantify customer behavior against the marketing strategy’s goals and activities. To do so, Key Performance Indicators (KPIs) have been widely used. Key performance indicators, or KPIs, are “measurable values that demonstrate how effectively a company is achieving key business objectives. Organizations used KPIs to evaluate their success at reaching targets” (KPI Examples). Pidun et al. (2011) explain that measuring a business’ processes and consumer behavior is vital to optimize business efficiency. However, many business processes are not easy to regulate and, consequently, small and medium-sized businesses (SMEs) must invest a lot of efforts to track details on consumers, their behavior to evaluate the effects of their digital marketing strategies and update them accordingly. For the company that means to gain an understanding of how their marketing impacts their consumers and how they can maximize their effort to make the strategy more efficient.

Digital marketing utilizes key performance indicators (KPIs) to measure consumer interactions with advertisements that include pay per click (PPC) and search engine optimization (SEO). Examples of KPIs in use by SMEs include return on investment (ROI), customer lifetime value (CLTV), click through rate (CTR), and cost per acquisition (CPA) to measure consumer

desirability of products and services. All KPIs above are invaluable to businesses and most small and medium-sized companies (SMEs) will change the way they advertise due to these measurable performance indicators because companies can determine their effectiveness in achieving specific goals. Tiago et al. (2014) identify the need for understanding digital marketing and the use of social media to create communication for customers and categorize trends to identify social behaviors to benefit businesses.

Companies can track KPIs using real-time reporting tools. An example of real-time reporting tools is the Facebook for business app which tracks business page traffic and consumer clicks on links. KPI reports depict the performance of an enterprise, product, service, or business operation. When companies use clear objectives and review digital marketing and KPI data on a frequent basis, best practices become the norm. If small and medium-sized firms view KPIs as actionable and adjust the implementation of KPIs on a regular basis as a result of consumer interactions, the companies will be exercising best practices in digital marketing and therefore, obtain the best possible outcomes for their small and medium-sized businesses.

When it comes to research strategy, this is an analytical study with a purpose to explain the relationship between implemented marketing strategies, with a reference to a PPC, on a business performance, where increased revenues and the ROI will be taken into account as indicators of SME success. Regarding design, the study will combine mixed-research method, including content analysis (of selected marketing strategies), performance analysis (based on data from the companies and process of observation) while additional information will be collected and interpreted through interviews and survey (using the online questionnaire). Data will be analyzed to explain and correlations between different variables, using the qualitative methods. The thesis will use multiple cases to explore and understand the relation between the variables.

The pilot test will be conducted before the primary research, to test the questionnaire, the clearness and formulations of its questions, to see how a pilot sample (consisting of my colleagues, and some other neutral persons) understand and react on it. All notified problems will be mitigated and fixed based on pilot test results.

Key Performance Indicators can help businesses measure their incremental progress towards goals such as profitability and brand awareness. However, KPIs can have flaws and not show real results for a company. For example, a pay per click advertisement that is of use ten times by a consumer may not result in a purchase. There is no way to connect the two online interactions unless a direct link establishes the relationship. Another limitation of KPIs is data compilation. Online databases and KPI observation can result in companies needing employees to compile and present the data. In essence, KPIs may be out of date before the data is shown to companies. Past performance does not always measure current outcomes for businesses in the modern world. Finally, KPIs may not be efficient to regulate all human behaviors and cannot measure engagement or connection with specific brands.

The purpose of this study is to analyze the role and characteristics of online marketing strategies with accurate key performance indicators and its contribution towards the success of small and medium-sized companies, using the in-depth analysis of several cases. While measuring and monitoring business is critical and can yield excellent results, key performance indicators that have poor structure can be costly. It is essential that companies structure KPIs that are aligned, attainable, acute, accurate, actionable, and alive to influence consumers and influence their business. By measuring these key performance indicators, digital marketing can change the course of SMEs and increase their profitability.

To understand the importance of online marketing strategies for SMEs the research will be developed and conceptualized in line with the following question:

- Does online marketing strategy with precisely defined KPIs contribute towards the success of small and medium-sized companies?

Therefore, the primary objectives of the research are formulated in a three-fold way below:

- Investigate the impact of PPC marketing strategies with correctly implemented key performance indicators and its contribution on the small and medium-sized companies.
- Analyze existing SME performance measurement techniques to identify the best framework for SMEs in Online Marketing Strategy.

Research assumes there is two type of problems it needs to tackle to understand the effects of digital marketing strategy and applied criteria correctly, and this includes:

- What we do not know when it comes to the relationship between SMEs success and implementation of strategy with KPI's,
- What is a practical problem for SME's when applying KPIs as part of their digital marketing strategies, and this will help SME's to adjust their current strategies and develop a new model that will result with more feasible and practical outcomes.

This thesis will tackle both problems, which make it highly relevant and ensure its contribution for both, scholars on the topic as well as for practitioners.

The thesis consists of seven chapters. Following the introduction, within the second chapter, a detailed literature review will be provided. Its purpose will be to examine the critical, theoretical and empirical contributions on how small and medium-sized companies use digital marketing in existing strategies and how digital marketing use key performance indicators to maximize the business and company's efficiency. In this section of the thesis, the central concepts will be elaborated and unpacked. Chapter number three will provide analysis of six selected cases – companies that decided to adopt their own online marketing strategies and perform KPI driven activities to maximize their business. Main findings from the online survey

among online marketing experts will be provided within the next chapter, and it will be followed with a discussion of the main findings against the concepts presented in the theoretical framework. Finally, the conclusion will contain a summary of main findings and also will outline main recommendations for further researchers in the similar area.

2. Theoretical part: Literature review

In this chapter, the central concepts will be introduced and explained, based on detailed analysis of relevant theory. The literature review encompasses literature that is strategic to the performance of key performance indicators, market preferences, marketing strategies, and digital marketing at small and medium business levels. These approaches have an impact on the technology industry throughout the country and internationally.

The literature review will encompass the following four areas – online marketing, online marketing strategies, the objective of online marketing, key performance indicators in the domain of online marketing and goals of online marketing strategies.

2.1. Digital marketing: Definition, types, and tools

The evolution of the Internet in the recent period substantially affected the business. The proliferation of different online channels, platforms, and means of communication dramatically expanded the opportunities and generated the creation of networked economy and developed electronic Commerce (or e-Commerce). Consequently, marketing activities have been adapted to new and growing trends, migrated online, and variety of different tools have been developed to foster its efficiency. As for Chaffey and Paton, digital marketing is not “a transactional tool, but also generates change at the commercial and microeconomic level, which in turn demands changes in marketing practice and theory” (Chaffey & Paton, 2002: 30-45).

2.1.1. Definition

In order to explain digital marketing, provide a comprehensive and up to date definition, as well as to demonstrate its main features, the contemporary literature, and relevant academic sources have been reviewed. This section will also shed light on specific aspects of online marketing needed to be adequately understood in the light of this thesis research purpose. This includes the following sub-topics: search engine marketing (such as Google AdWords, Bing, Yahoo), search engine optimization, display marketing (such as image and video ads), social

media marketing (on Facebook, Twitter, Instagram, Pinterest, etc.), e-mail marketing, content marketing and affiliate marketing.

There many aspects and defining elements of digital marketing. It could be claimed, at general level, that digital or online marketing is the type of marketing that is focused on providing services, products and establishing relations by using digital technologies, platforms, and means of communication. It dominantly uses the Internet, but it also expands its activities and includes tablets, mobile phones, and other medium people are using to interact with their peers and doing their business. The term was coined during the 1990s (Clark, 2012), and became the dominant concept on the business agenda during the 2000s and 2010s following the global trends, technologization, digitalization and increased use of digital platforms and means by ordinary people. Such an approach has been increasingly incorporated in marketing and business plans, and digital marketing strategies and campaign become prevalent in today business world (Dahlen, 2010: 36). Some authors believe that digital marketing is not essentially about technology but people, and that is what makes it similar to traditional marketing – “it is about people (marketers) connecting with other people (consumers) to build relationships and ultimately drive sales” (Ryan and Jones, 2012: 11). But, technology is important, and it should be highly acknowledged since it provides both – marketers and consumers – with new opportunities and platforms for interaction.

2.1.2. Search engine marketing (SEM)

Search engine marketing (SEM) is the type of online marketing which is linked to website promotion and an increase of their visibility in search engines, mostly through paid advertising (Chaffey & Ellis-Chadwick, 2016). With an increasing number of consumers researching and shopping for products online, search engine marketing has become a crucial strategy for increasing a company’s reach (Optipedia, 2018). The most common concept or terms associated with the SEM include paid research ads, paid search advertising, pay per click (PPC)

or pay per call (same – PPC), cost per click (CPC), cost per thousand impressions (CPM). It depends on every single strategy which of these modifications will be applied and implemented in digital marketing practice. Search engine marketing (SEM) uses various methods and metrics for website optimization, and this includes keyword research, website saturation, and popularity, back-end tools that include Web analytics and HTML validators, tools that can provide information related to copyright and trademark issues. Additionally, Google AdWords is by many measures the most popular paid search platform used by search marketers, followed by Bing Ads, which also serves a significant portion of ads on Yahoo (Search Engine Land, 2018). For some period, Search engine marketing (SEM) has been used as an umbrella tool to grasp both, Search engine optimization (SEO) and search activities that are paid. Recently, the practitioners and business industry tie SEM to paid research area only, while SEO become a stand-alone field that deserves a separate paragraph here.

2.1.3. Search engine optimization (SEO)

Search engine optimization (SEO) is the “art and science of getting pages to rank higher in search engines such as Google” (Optipedia, 2018). Dodson provides both, the formal and informal definition of SEO. While formal said that it is a “process of refining your website using both on-page and off-page practices so that it will be indexed and ranked successfully by research engines,” the other one – informal – tells us simply that SEO “smell nice for Google” (Dodson, 2016: 7). While researching online, we are not steering through an unorganized and chaotic space, but we are searching Google’s Index which includes list and specific information about web content that is available online. Therefore, for an effective search engine optimization (SEO) it is highly important to understand the logic of search engines and the way of how they work. (Dodson, 2016: 7-8) listed the four key stages of the SEO process, this includes:

- a) goals that serve as key drivers to navigate SEO strategy;

- b) on-page optimization that ensures research engines can easily read, understand, flow through and navigate the pages of the site in order to index it properly,
- c) off-page optimization that includes techniques to influence website position in organic search and building a digital footprint,
- d) and analyze, which includes analysis of data in strategic way to influence your further steps.

2.1.4. Social media marketing

Social Media Marketing implies the use of social media platforms to promote activities, products, and services and establish interaction with potential clients and consumers (Felix et al., 2016). Majority of platforms and social media have integrated tools for data analysis, and business entities can benefit from this while tracking progress, success, and engagement of their ad campaigns. Since social media are highly popular, especially among young generations, companies can use this channels of communication and type of marketing to target them specifically, but also to segment them along with their habits, needs, and behavior.

2.1.5. E-mail marketing

When we compare it to another type of online marketing, e-mail marketing is considered as cheap, but also practice has proven its efficiency and extensive range. For example, US President Barack Obama campaign from 2008 is historic in this way, since he used email marketing intensively to win elections. This is considered as a “stellar example for businesses and demonstrates the internet’s changing landscape” (Strauss & Frost, 2014: 5). Marketers and business people use email databases to build a relationship and keep them being timely and properly informed about activities, offers, services, and also supplied with useful information. E-mails could be sent individually or collectively, through a distributed email list (Ibid: 429). Some consider this channel of communication and advertising as too traditional and even irritating, but very strategically planned communication via email, and application of different visual and language tactics may result in increased interaction and engagements of targeted

public. Practitioners considered email as important but increasingly link it with the use of social media platforms. As some researchers indicated, nearly 60 percent of marketers plan to use ‘follow us’ links in email messages to transfer the users and consumers on social platforms, such as Facebook, Twitter (Straus & Frost, 2014: 389). Therefore, there is a strong tendency to integrate email marketing with the use of social media platforms.

2.1.6. Content marketing

Content Marketing has been considered to be a fundamental tool (Patruti Baltes, 2015) of digital marketing and an increasing number of large and small brands are engaging in this activity, which demonstrates that “storytelling is key to attract and retain customers” (Pulizzi, 2012). This strategy becomes very important since “marketers are becoming publishers, creating content on the Websites and social media to attract and engage prospects and customers” (Strauss and Frost, 2014: 6). Blog posts are becoming a very effective way of demonstrating one’s expertise and excellence in the field, and also attracting the attention of those who are searching for useful and brief information. There are many sub-types of blogs, such as video blogs or vlogs. Other tools of content marketing include explanatory videos, infographics, press releases, fact sheets, memos, and eBooks.

2.1.7. Display advertising

Display advertising implies the use of images, video ads, flash, audio, and banners, to advertise on websites or applications. From banner ads to pop ups: display advertising is unavoidable, and every internet user, whether using a desktop or mobile device, encounters it on a daily basis. The most important players in display marketing are advertisers and publishers. Advertisers seek to promote their companies, products, or services, while publishers offer up their resources (ad space) in exchange for money. Different advertising forms are booked via a display network on third-party websites. These ads are then displayed according to the terms and conditions that were agreed upon by both buyer and seller prior to the purchase. The goal of most advertisers is to provoke a reaction from their viewers. Online, users most often end

up reaching the advertiser's site or a specific landing page by first clicking on some sort of advertising material. Additionally, a well-positioned ad can help influence a company's overall reputation.

2.1.8. Affiliate marketing

Affiliate marketing is a branch of marketing in which one specific business or company rewards one or multiple of its affiliates for getting visitors or customers through its marketing efforts. The four core actors of this type of marketing include the retailer or brand, a network which consists of various affiliates, publisher, and customer. Affiliate marketing uses methods and techniques as other branches of marketing such as advertising, optimization and paid advertisement through search engines, email marketing, etc. Those who practice affiliate marketing use some different methods. Almost, 80 % of affiliate programs today use revenue sharing or pay per sale (PPS) as a method of compensation in affiliate marketing. 19 % use cost per action (CPA), while remaining methods include cost per click (CPC) or cost per mille (CPM) (Colascione, 2012: 108).

2.2. Key Performance Indicators (KPIs) of Online Marketing

While planning their online campaigns, companies need to assess their potential and predict whether the money spent increases or generate business, in what directions, and with what consequences. Measuring the impact of each campaign and effectiveness of digital marketing strategies have been considered an important requirement for business success (Pauwels, Aksehirli & Lackman, 2016). Therefore, an appropriate and precise metrics have to be developed to assess the potential of each strategy or online campaign activity to reach specific goals (Yang, Shi, and Wang, 2015)

2.2.1. KPI: Definition

Key performance indicators (KPIs) stand for specific metrics that are important for validation of your marketing related activities. They could be helpful to see whether your strategy works,

which areas or what specific performance need improvements, and do overall marketing strategy drives you in the right direction.

Kotler (2016) distinguishes four kinds of control that could ensure the outcome of a marketing plan for the business, and this includes annual plan control, profit control, efficiency control and strategic control. As indicated in their research, Ramon Saura et al. (2017) identified the importance of profit control in digital marketing, absolute authority in the domain of web measurement, and key performance indicators to analyze consumer behavior online. The choice of the most appropriate metrics is always contextual and tailored in line with specific goals and objective of one company and its strategy.

Moreno et al. (2015) noticed that each company should decide on its metrics based on the process of testing, including trials and errors. There is a consensus among scholars that KPIs need to fulfill the following criteria to be meaningful – they need to be measurable, credible – not all information are relevant, and timely - be available for reasonable periods of time (Chaffey and Patron, 2012). Based on comprehensive research of literature and performance documents, Ramon Saura et al. (2017) defined the following essential KPIs as systematized and explained in the following table:

Table 1: KPIs in digital marketing

Conversion Rate	The average number of conversions per click in SERP results or Ads click (depends on the marketing objective), shown as a percentage. Conversion rates are calculated by simply taking the number of conversions and dividing that by the number of total ad clicks/actions that can be tracked to a conversion during the same time period.
Goals/Conversions	A <i>goal</i> represents a completed activity (also called a conversion). Examples of goals include making a purchase -e-commerce-, completing a game level (App), or submitting a contact information form (Lead generation site).
Type of Users	<i>New Visitors</i> . They are users who visit your site for the first time. <i>Returning Visitors</i> . They are users who visit your site for the second or more times. It is important because it shows the interest of your business and website for the target audience.
Type of Sources	<i>Source</i> . Every referral to a web site has an origin, or source. <i>Medium</i> . Every referral to a website also has a medium, such as, according to Google Analytics: “organic” (unpaid search), CPC, referral, email and “none,” direct traffic has a medium of none. <i>Campaign</i> . Is the name of the referring AdWords campaign or a custom campaign that has been created.
Keywords/Traffic of Non-Branded Keywords	<i>Keywords</i> in DM, are the key words and phrases in web content that make it possible for people to find a site via search engines. A <i>non-branded keyword</i> is a one that does not contain the target website’s brand name or some variation. Ranking for non-branded keywords is valuable because it allows a website to obtain new visitors who are not already familiar with the brand.
Keyword Ranking	Rank is an estimate of your website’s position for a particular search term in some search engines’ results pages. The lower the rank is, the easier your website will be found in search results for that keyword.

Source: Ramon Saura et al., 2017.

Kotarba (2017) analyses metrics that are used to measure digitalization and online activities at five levels, including economy, society, industry, enterprise, and clients. Among his main findings, he noticed that despite significant efforts invested in the development of metrics systems, the level of their standardization is pretty moderate. Furthermore, the high number of KPI’s used in the digital area raises the problem of their calculation and selection, while outlining that, in technical view, current metrics are Internet-centric. When it comes to company-level metrics, authors listed specific KPI’s to be considered for use in this field, as presented in the following Table:

Table 2: KPIs in digital marketing

Conversion funnel	Users/visitors \Rightarrow leads \Rightarrow prospects \Rightarrow clients/wins
Cost	Cost per lead/prospect/client
Traffic sources	Organic, paid search/affiliate networks/referrals, direct, e-mail, social media
E-mail performance	Bounce/delivery rate, sharing, open rate
Public and e-commerce websites	bounce/drop-off rate, page views per visit/total, ad capture/impressions, CTR, cost-per-impression (CPI), cost-per-click (CPC), new sessions, time on (sub)-site, CPL, LQ
Content quality	White-book downloads, newsletter/info-service sign-ups
Subscription service performance	Free trial to subscription rate
Social media volume and performance	Sharing and tagging, Facebook likes and lead conversion, Twitter followers, promoted tweet cost/success, YouTube subscribers, LinkedIn followers, Instagram followers, Google+ circled-by, Pinterest pinning
Media performance	Social, digital and traditional
Customer engagement	Client Satisfaction Index, mystery shopper results, Net Promoter Score (NPS), churn and retention levels
ROI, return of investments	Campaign and digital channel return on investment (ROI) and revenue share in total

Source: Kotarba, 2017: 133-134

2.2.2. ROI (Return on investment)

Return on Investment (ROI) is considered as one of the most important goals of each market strategy, including the digital one. According to Entrepreneur, ROI stands for “a profitability measure that evaluates the performance of a business by dividing net profit by net worth” (Entrepreneur, 2018). ROI is used to evaluate the efficiency of investments using several parameters, and it could be formulated as a formula: $ROI = (\text{Gain from Investment} - \text{Cost of Investment}) / \text{Cost of Investment}$ (Investopedia, 2018).

2.2.3. Cost per acquisition (CPA)

Cost per acquisition (CPA) is associated with convincing a customer to buy a product or use specific service. Sometimes it is referred as Cost per conversion (CPC) stands for a marketing pricing model where the advertiser pays for a specified acquisition - for example, a sale, click, or form submit (e.g., contact request, newsletter sign up, registration, etc.) (Marketing terms, 2018). Numerically, CPA is typically expressed as a ratio - cost divided by the number of

acquisitions. So for example, if one spends \$200 on a campaign and gets 10 "acquisitions", this would give a cost per acquisition of \$ 20 (Cook, 2017).

2.2.4. Conversion rate

The ultimate goal of any online marketing is to increase conversion of website visitors into paying customers, and the process that aims to reach this goal is labelled as conversion rate. Ramon Saura et al. (2017) define conversion rate as “the average number of conversions per click in SERP results or Ads click (depends on the marketing objective), shown as a percentage. Conversion rates are calculated by simply taking the number of conversions and dividing that by the number of total ad clicks/actions that can be tracked to conversion during the same period” (Ramon Saura et al., 2017). Practically, conversion rate stands for the proportion of visitors of one company’s website who take action from normal website visit to more complex engagement (clicking, paying, recommending, using services), and this engagement is the result of marketers, advertisers, and other practitioners action. To track visitors’ activities properly, companies may apply a conversion funnel, and set it up as part of site’s analytics to track consumers and visitor’s behavior. There are many potential actions to increase conversion rate, this includes;

- a) employ attention, interest, desire, action (AIDA),
- b) enhance the user’s trust, improve the navigation options on the website,
- c) offer active assistance (through chat, co-browsing),
- d) regular use of analytics to monitor and track behavior (Marketing terms, 2018).

2.2.5. Customer lifetime value

Calculating Lifetime value (CLV) could help overall analysis of the acquisition and marketing strategy. CLV stands for projected revenue that customer will generate during his or her lifetime or future relationship with the company. CLV is important since it indicates an upper limit on spending to acquire new customers and help calculation on paybacks of advertising spent in the marketing mix (Farris et al., 2010; Berger & Nasr, 1998). There are four steps

need to be undertaken in CLV calculation process, and this includes – forecasting of remaining customer lifetime, forecasting of future revenues, estimation of costs for delivering those products, and calculation of the net present value of these future amounts (Ryals, 2008: 85).

2.3. Online marketing strategies

According to the recent study, almost half of the researched brands (46 %) don't have a defined digital marketing strategy, and 16% do have a strategy but haven't yet integrated it into their marketing activity (Smart Insights, 2018). Having a strategy is important and, even, crucial for brands and companies today to gain success on the business front. According to Kaushik, there are three main results every company expect from creation and implementation of its digital marketing strategy. Increased revenue (conversion), reduced costs (conversion rate), and increased customer satisfaction and customer loyalty (user), or loosely, customer engagement (Kaushik, 2009).

This section will review the essential features and characteristics of online and digital marketing strategies. While doing so, attention will be directed to the following aspects - building a buyer persona, evaluating and auditing the existing online marketing channels, keywords rank and analytics, regular and continuous monitoring, including the competition, and measure return on investment (ROI).

2.3.1. Digital marketing planning

To be successful any digital marketing effort or activity needs to be strategically planned, based on evidence or driven by data, each of step of the process has to be seriously considered. As for Chaffey, Digital Marketing Planning (DMP) is crucial for success and represents the heart of any marketing strategy that aims to maximize efforts in the online sphere. This author differs three main stages – opportunity, strategy and action, and each business and company need to take a generic approach and take into account all free to be successful.

Opportunities include assessment of the market in which company operates, definition of SMART (specific, measurable, actionable, relevant and time-bound) objectives, and defining the Key Performance Indicators of the company and its competitors. Analytics used for each KPI has to be tailored in line with the type, objective, mission and vision of the business.

Strategy stage includes a definition of a transparent portfolio of company's services and the way of how it will communicate using digital means, and this implies an explanation of the online value proposition (OVP). Within this stage, the description of marketing mix is required, and it includes the 4Ps – product, price, promotion, and place.

Action demands the company to set the budget and system of implementation/management of defined strategy (Chaffey and Ellis-Chadwick, 2012; Chaffey, 2017).

The five most important steps from the side of practitioners to make an impact with an online marketing strategy includes;

- a) setting the objective,
- b) learning from mistakes,
- c) talking the language of your customers,
- d) identifying the means of implementation including the budget,
- e) continuously measure and monitor the performance of digital marketing strategy and change element according to perceived needs (Digital Marketing Institute, 2018).

2.3.2. Building a buyer persona

Each marketer would avoid in its strategy to target everyone on the market and will try to segment the population into smaller groups in line with demographic information and specific characteristic that is considered to be strategically important for his or her company. Therefore, a buyer persona or customer profile or ideal customer is not a real person but rather a virtual character created based on the most common features one's strategy is focused. Doman et al. claimed that 80 percent of business comes from 20 percent of entire customer population and,

therefore, it is important to define who comprise these 20 percent and explore their characteristics and behavior (Doman et al., 2012). Once we define our target population and explore their characteristics, it is important to define the problems you provide solutions for, explore their expectations, and use the proper language to address them (Digital Marketing Institute, 2018).

2.3.3. Keyword ranks and analytics

Market and SEO world are interested in the keyword rankings. Keyword ranking measures where your website appears on the search page taking into account any given keyword. A webpage might be ranked according to its relevance to the searcher's query or keyword. Keyword research is a first and necessary step when you are looking forward to using SEO to improve your site's search rankings (Leverage Marketing, 2018). Numerous SEO tools could be used to improve the word rankings by analyzing performances and trends. Google Analytics is one of the most commonly used, and it could be customized it to track keyword rankings. GA could do both, show a dashboard-type data for the ordinary user but also advanced and in-depth data for complex analyses and reports.

2.3.4. Monitoring competition

Regular and continuous monitoring, including the review of competition performance and achievements, should be considered as an important segment of each online strategy. Planned and also the flexible strategy, and monitoring and evaluation system based on clear and measurable indicators would serve as a predictor of customer's behavior. Flexibility in this sense is important since changes and adaptations should be ensured whenever there is a need. Here are some steps that might be useful, according to the Digital Marketing Institute, in performing the proper M&E activity. First step should be creation of Digital Marketing Calendar, in which you can highlight key milestones, events and other crucial dates, plan digital channels needed to ensure the success of planed activities, create a measurement and monitoring plan including the most important KPIs, and if something is not working properly

practitioners should be able to isolate the different elements and try to identify what is not working, then revisit previous analysis, personas and budget allocations in order to change the practice and maximize the strategy's effects (Digital Marketing Institute, 2018).

2.3.5. Measurement of ROI

There are several ways to determine the ROI, but the division of net profit by total assets is the most common. As an example, "if your net profit is \$100,000 and your total assets are \$300,000, your ROI would be .33 or 33 percent" (Entrepreneur, 2018). ROI also could be used to compare different investments which are part of the single portfolio. There is a growing number of managers, more than 70 %, who considered the ROI metrics very useful and important for their business (Profera et al., 2014; Pearce, 2015).

2.4. Objectives of online marketing

For Bird, there are five objectives of digital or online marketing to be successful:

- a) it must get people to the website,
- b) keep them as long as it is needed to convince visitors to buy something or to use the service,
- c) persuade them that you are the right one, their natural choice,
- d) get their feedback or response and make them wish to come back,
- e) and get permission to talk with them (Bird, 2007: 156).

Dodson, on the other hand, believes that principle of integration is crucial for the effectiveness of digital marketing and it could be perceived at three levels. First stands for a combination of one's efforts across digital channels, and could include simple sharing of information that is learned at one channel and its optimization to be used on the other one. Second relates to integration of digital and traditional efforts in marketing, and in this case, some scenarios or keywords used in strategy in one domain (for example, in traditional one) could be easily used and transferred into the digital area. Third integration refers to reporting sources, in which each company faces the challenge to deal with massive amount of data about its customers and need

to analyze them accurately to make strategic decisions. In this case, the use of Google Analytics is the most widespread and common way to deal with this aspect of integration (Dodson, 2016: 5).

There are five domains of online marketing strategy on which this thesis will be focused on, and this includes increase of sales, increase of conversion rate, increase of return visitors, reducing bounce rate and organic traffic volume

2.4.1. Increase sales

Increase the awareness and sales of one company's product is the primary goal of any marketing strategy. It is not an easy task, and to achieve it; the strategy needs to be planned precisely and for a long turn. Many marketers plan marketing on a short time basis, and this is not something that brings results. Only well-planned marketing plans would help the company to build sales and to manage it properly. In that order, any strategy should follow the next steps - analyze the situation, target the audience, define the goals, strategy and tactics, and plan the budget (Gordon, 2006; Steffens, 2017).

2.4.2. Increase conversion rate

Getting traffic to a website is not enough without its conversion to be of the use for the company – and this is only when visitors act and interact, or perform. There are many tactics how marketers can make their conversion rate being successful, and this includes a call for action, experiment with visual effects and functionality, tracking of multiple page elements, visitors testing and iterating. Call for action (CTA) implies the existence of click options (such as “ad to cart” or “register now”) as a way to improve the conversion rate. Visual and functional experiments with the landing page, regarding design or style, may attract more attention and generate visitor's motivation to perform. Tracking multiple elements on the website pages may indicate how your tests and experiments affect the visitor's behavior and its outcome. Testing visitors and their behavior will show a significant difference between return and new visitors

and potentially inform future strategic decisions. Permanent testing is the key to success; there is no one-size-fits-all solution (Optipedia, 2018).

2.4.3. Brand building

Internet marketing objectives usually have the brand building as an important element. Brand building does not rely on visual aspect only, including logo and company's name, but entails the company's vision, mission, and specific objectives or messages. The brand is a complex thing, it stands for entire experience prospects, and customers have with a company, product or service (Dodson, 2016; Lake, 2018). Customers trust well-known brands, especially when paired with positive associations (Lassar et al., 1995: 11-19). The Internet represents an ideal platform or a tool for building long-lasting relations between companies and their customers since it has massive reach and allows companies to connect with individuals directly. Social media is particularly effective when building a brand because it allows companies to create and post content with a personal touch. Organizations have discovered that this kind of brand-building can be fostered by using social media channels such as Facebook, Twitter, Instagram and Pinterest (Neti, 2011).

2.4.4. Reduce bounce rate

Google defines the bounce rate as “the percentage of single-page sessions” or, in other words, it counts sessions in which the person left your site from the entrance page without interacting with the page. Bounce rate is used in web traffic analysis to explain the percentage of website visitors who enter the site, read one page or article, and then leave (term ‘bounce’ stands for this) instead of going to another page of the same website. It is useful for determining the effectiveness of a website and an entry page to attract visitors to stay on the site and generate their interest to search for information and services on it. Bounce rate is expressed as a percentage (%) of visitors. While high bounce rate indicates that website and entering page are not doing a job correctly, it is the task for website owners and marketers to decrease the bounce rate using various techniques and tactics (Farris et al., 2010).

Taking into account, the excellent bounce rate for websites is the one under 40 %, while the one between 40 % and 55 % is considered as ok. Bounce rate depends on numerous factors, and this include: the type of traffic you are attracting (information about services, or about company), the sources of traffic (social media, Google search), the page visitors are landing on, the design and layout of website, the clarity of message, and the speed and usability of website (Kitchen, 2016).

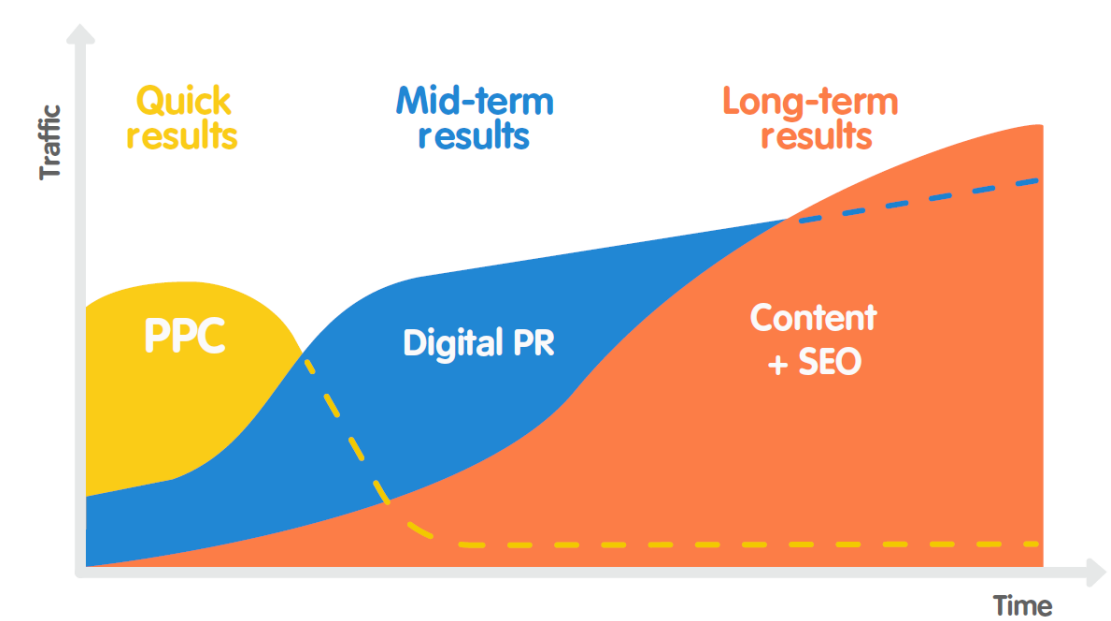
2.4.5. Organic traffic volume

Organic traffics usually refers to non-paid traffic and includes traffic from search engines (Google, Bing), social media sites (FB, Twitter), referral traffic from other sites through links, and direct traffic. This type of traffic is performed organically which should be distinguished from traffic that is paid through advertising or a different kind of paid promotion. It is a strategical goal for any marketer and practitioner to increase organic traffic. It is linked directly to the SEO the better one company ranks its competitive words, the more organic traffic will be generated as result of this activity. An excellent example of the constant rise of organic traffic is blog pages with a lot of brief, concrete and useful data and instructions in different domains.

2.5. PPC Marketing for SMEs

Time is the most precious currency for many small business owners. Following this statement, we also can claim there are no 'bad' marketing channels - some are just used at the wrong time or in the wrong way. Juggling them all can be tough, although a carefully formulated strategy can significantly change the fortunes of any business. With the help of smart tools such Google Analytics, Kissmetrics, SEMrush etc. it becomes easy to make smart decisions by analyzing valuable data and removing the guesswork from the marketing routine. A carefully implemented strategy goes a long way to save time and valuable resources by approaching each of the main marketing channels the right way.

Here's a standard demonstration of four of the popular marketing channels in terms of time/outcome ratio:



Graph 1: Popular marketing channels - *Source: SEMrush, 2018.*

For a business to survive, company's and marketers need to get leads and generate sales and save as much time as possible while doing so. With a wide array of targeting options provided by both AdWords and Bing, it is easy to pick the wrong strategy and end up watching the budget go down the drain. However, it can be avoided by implementing a carefully planned strategy and doing things the right way.

PPC (or pay per click) has been considered as a strategy that uses search engine advertising to generate direct traffic and clicks to client's website, rather than 'gathering' clicks organically. This strategy is commonly associated with search engines such as Google AdWords and Microsoft Bing Ads and to which advertisers typically bid on keywords relevant to their target markets. PPC could be calculated by dividing the advertising cost with the number of clicks generated by an advertisement. Two models could be used to determine PPC, flat-rate and bid-based. In both cases, this click value is based on the type of individual the advertiser expects

to receive as a visitor to his or her website, and what the advertiser can gain from that visit, usually revenue, both in the short term as well as in the long term (Antoun, Zhang and Conrad, 2016; Bhandari, 2017; Wordstream, 2017).

2.5.1. Building a strong account structure

The precondition for creating a successful PPC performance includes the strong account structure. Companies usually build their accounts without embracing all important aspects that affect its structure and performance. How many keywords are in each ad group? How many ads are in each ad group? How relevant the keywords are to each other and the ads within each group? These are the most important questions good marketers will follow in order to structure and organize company's account properly. Usually, marketers create a several campaigns that are focused around each product, paying attention on location or some specific topics that are considered to be important for the business. Good way to break down campaigns and ad groups is by looking at the structure of company's website (Togetherdigital, 2017; Wordstream, 2018).

2.5.2. Targeting the right keywords

Key word research is essentially important, albeit it can be time-consuming. Entire PPC campaigns are built around keywords and those successful continuously grow and work on their PPC keyword lists. Each campaign demands a new and tailored keyword research in order to grasp valuable and useful long-tail, low-cost and highly relevant keywords that could be driving traffic to company's site (Jansen, 2011). An effective PPC keyword list is characterized as relevant, exhaustive and expansive. Relevance stands for selection that reflects one's business, words that lead to a high PPC through rate or a low cost per click, including the increased profits. The list needs to be exhaustive since it should include the long tail of search, besides the most popular and salient words in one's business niche. There is a need to constantly refine and expand campaigns, and create an environment in which keyword list has been the subject of permanent growth and adaptation. As the most popular PPC platform,

Google AdWords operates on a pay-per-click model, in which users bid on keywords and pay for each click on their advertisements (Google, 2013; Wordstream, 2018).

2.5.3. Define a budget for each campaign

Permanent tracking and evaluation of campaign performance has been secured through budget tracking as well. In order to avoid spending budgets on search terms that will never end in conversion, companies and marketers need to know which tactics and keywords are producing results and focus their spending on what is working and contribute to the ROI. Defining a separate budget for each campaign is a good way to optimize and rationalize the spending. This will notify your business of opportunities to increase revenue with additional budget (Kapoor et al., 2016).

2.5.4. Targeting the right geographic locations

Applying geo-targeting to the advertising campaigns ensures that the ads will only be shown to users within a specific location. For local businesses like a tool rental service or a pizzeria, this can help businesses to show ads to users who are only near enough that they would be able to turn into customers at some point.

Similarly, large businesses with multiple branches and locations can also use this to their advantage; they can run segmented campaigns, adding the location into the copy of each ad to better appeal to users who are seeing the ad.

Results of the PPC could be further improved by splitting up the target groups into smaller, geographically determined, groups that could help to create more targeted ad text and landing pages (Kapoor et al., 2016; Wordstream, 2018).

2.5.5. Picking the right elements to test

On the one side, PPC can drive to significant revenue, while on the other it is considered as one of the most expensive ongoing costs in a campaign. Therefore, it is essential to test ads regularly and to select elements that will be appropriately tested. Testing and optimizing is an integral part of every digital marketer.

Three methods can be used for successful testing, and this includes - drafts and experiments, scheduled A/B tests, and before/after tests. Selection of testing method depends on available data and variables that are selected for testing.

Drafts and experiments represent the most diverse testing tools. Drafts let you create a mirror image of your campaign and then change the element(s) you want to test. Experiments help you measure your results to understand the impact of your changes before you apply them to a campaign. In manually-scheduled A/B tests the tests are run alternately instead of simultaneously. To use this test, marketers need to create a duplicate of their campaign, change an element and use the campaign settings to share hours justly between the two. Finally, before and after test represents a multipurpose type of testing often used for feed components. It is important to have a good control group, to identify how much of the performance raise is due to seasonal or budget changes and how much is due to your experiment (Reiffen, 2017; Convensioneer, 2018).

2.5.6. Continuous optimization of campaigns

Campaigns need to be optimized on continuous basis. There are several levels of optimization, and this include technical optimization, optimization at campaign and group level, optimization at ad level, and optimization at the key word level.

Technical optimization includes a definition of the specific target and which represents the foundation of each optimization process. Following the description of the target, this will enable marketers to compare their campaign/ad group/keyword/ad and see if there's a match.

In a case that specific campaign doesn't meet targets, there is a need for optimization at the level of the campaign and group. It is essential to get the info about metrics that can help the marketers to recognize what exactly isn't working and how to fix it.

Optimization at the ad level includes the calculation of statistical significance and making assessments for specific ads. In this case, an A/B test can be applied. As in any other analysis,

one's needs to come up with an assumption, and only then test whether it's correct or not. Also, the formulation of right research questions is important for this level and this test. Finally, at the keyword level in the Campaign > Ad group > Ad > Keyword hierarchy (Convensioner, 2018).

2.5.7. Taking advantage of remarketing

Remarketing, also labeled as retargeting, can help to increase conversion rates and ROI. The logic behind this strategy assumes that past site visitors, who are familiar with the brand, are much more likely to become customers or complete other valuable actions on your site (Wordstream, 2018).

There are many reasons for which clients leave one website, sometimes these reasons are objective and could be rationally explained while in other cases it has nothing to do with the page or the offer on it. Sometimes it is a matter of timing, visitors or potential clients could be distracted them from full conversion. In many cases this is the end of their online journey and companies find hard to get them back. This is why remarketing, as a strategy, becomes important. Tracing the visitors further, and posting your ads on other websites, might reminds them of your website and the special offer you might have for them. Remarketing is considered as one of the most effective strategies to improve the PPC performance in advertising. It could increase client's sales, and it is very cheap. Hence, marketers often recommend to their clients (Kapoor et al., 2016; Wordstream, 2018, PPChero, 2018).

2.6. Theoretical synthesis

In this part, the main concepts relevant for this thesis will be summarized. Theory and practice indicated that while planning online campaigns, companies need to assess their potential and predict whether the money spent increases or generate business, in what directions, and with what consequences. Measuring the impact of each campaign and effectiveness of digital marketing strategies is considered as an essential requirement for the business success.

Accordingly, an appropriate and precise metrics have to be developed to assess the potential of each strategy or online campaign activity to reach specific goals.

This is why Key Performance Indicators are important. KPI's stand for a specific metrics needed for validation of online marketing related activities. They could be helpful to see whether your strategy works, which areas or what specific performance need improvements, and do overall marketing strategy drives you in the right direction.

Since this thesis is focused on digital strategies that rely on Pay-per-click (PPC) tools, this will take into account the following aspects of the PPC serving as independent variables that affect SME business outcomes. These aspects include account structure, keyword targeting, defining the budget for each campaign, segmentation of clients according to geographic locations, picking right elements to test, continuous optimization of campaigns and remarketing. The thesis will aim to examine, based on the cases taken into account, whether and how these elements of the PPC strategy affect their business with a focus on conversion rates and ROI.

3. Research design / methodology

This chapter provides insights and explanation on research strategy and design, analytical framework that has been applied in this study, as well as approach to secure validity and reliability of data.

3.1. Data collection

The study combines mixed-research method, including content analysis, performance analysis, while additional information is collected and interpreted through an online survey. Content analysis has been applied in the phase of desk research while consulting secondary sources, and to specifically analyze marketing strategies of selected cases. Performance analysis has been performed taking into account data from selected companies and their business operation. The comparative insights, from year to year, are provided where possible. Finally, a survey using the online questionnaire is conducted among marketing specialists to determine the importance of different segments and elements of online marketing strategies.

3.2. Data analysis

This study relies on the inputs from comparative case analysis and experts' insights from the online study in order to identify and understand what characterizes successful digital marketing strategies for SMEs. Therefore, the research is formulated to identify and understand the application of PPC related metrics on business operation. This research strategy is usually applied to assess the impact of specific changes, patterns, and attitudes on relationships.

Central concepts extracted from the theoretical and literature review are presented and elaborated as well as their mutual relation, based on the selected and analyzed cases and their performances.

Specific KPI's will be considered while analyzing their effects on selected company's performance and success. As main indicators of company's strategic orientation the following elements will be taken into account and analyzed – account structure, targeting the right keywords, budget for separate campaigns, targeting the right geographic locations, picking

right elements to test, continuous optimizations of campaigns and remarketing tactics. These factors and their effect on business operation and ROI will be analyzed taking into account the practices and performances of six different cases included in this study.

3.3. Validity and reliability

In order to secure validity and reliability, the extent of researcher interference will be minimal, and its primary role will be to coordinate research process and to ensure that entire process complies with the highest ethical and research standards. The pilot was conducted before the main research, in order to test the questionnaire, the clearness and formulations of its questions. All notified problems have been mitigated and fixed based on pilot test results.

Also, as the author of this study, I had access to data due to professional and personal involvement with the clients (picked up as cases studies) and through spreadsheets and questionnaires, I managed to get the help of other professionals in the advertising industry.

4. Case studies

In this section, case studies that are of concern for this research are briefly presented. Some of the data are confidential, and due to privacy concerns, the identity of these cases will be offered either anonymously or by using their initials. Six case studies, representing companies that decided to intensify their online marketing activities, will be analyzed taking into account their background and main business orientation, main challenges before online strategy development, the main approach they decided to develop and primary results of their strategic activities.

4.1. Case study 1

P.S. Ltd is a mid-size British company that produces and supplies outdoor apparel and accessories for men, women, and kids. It offers various types of clothes such as jackets and vests, softshells, fleeces, and outerwear. The company also provides tops, including hoodies and sweatshirts, t-shirts, baselayers and bottoms, such as tights and shorts; and accessories, including backpacks, helmets, gloves, and socks. The most significant selling point of the company is their high-visibility clothing range, and they take pride in being the best in the business. Despite the market being volatile, as their indicators have been shown, the business is growing and getting stronger.

4.1.1. Main challenges

The business aim of this company is to improve and expand the on-going Pay-Per-Click (PPC) activity. As company representatives said, while their team had been working with the client on the online business's paid search campaign for several months, the primary focus was to enhance conversions and cut down the cost-per-conversion for all the products available online.

There are three main challenging points for this company in building its business:

- 1) As for the client's budget, there were no constraints. There were no limitations with regards to the increase in the amount spent on the project as long as it returned 'profitable sales'. However, during the offseason, there was a 40% adspend ratio.

- 2) The client's business already had the maximum possible budget allotted and in spite of that there was no visible increase in clicks and conversions.
- 3) On an average, the client's product price was about £120, and there was intense competition from both the local suppliers across all UK cities as well as companies that operate at the national level and some international distributors.

In sum, the real challenge for this company is to maintain the cost-per-conversion while also to improve and increase sales substantially.

4.1.2. Business approach

The company developed an effective digital marketing strategy to meet the expectations and needs of their clients. This strategy consists of several aspects. First, the company needs to understand the entire business of their client and, then, analyze their existing campaigns accordingly. For this purpose, the company uses various intelligent tools (such as SEMrush, SpyFu, Moz, etc.) to understand the competitors' prime keywords as well as their tentative bids. Based on the findings and follow up discussion with the client, the company categorize and divide the products based on the following topics - demand, price, and competition.

For those keywords that appeared to be highly competitive, the company kept the low bid rate low ranked between positions 3 and 7. On the other hand, for keywords that are considered as a moderate or low competition, they decided to keep within the top 3 bids. The company also bid on the branded search terms in order to maintain the top spot, albeit not outbidding their competition.

Their internal research discovered a thousand of keywords that represent 'low competition' mostly. As they monitor the search terms generated from the keywords, the company can exclude all irrelevant search queries and to add those queries that are proved to be of the more relevant for their strategy.

Following this, the company started to implement the advanced strategies on a more regular basis and to monitor campaign, its activities, key indicators and results on an ongoing, daily, basis. Among the most important and helpful things that company did was that the utilization of the newest Google Ad Words features to ensure that the client races ahead of the competition.

4.1.3. Results

Due to the strategies this company implemented, and that are described in the previous subsection, the results have been successful. This could be observed from their internal business results, as shown in the following, year-on-year, comparison.

The following Figure 1 indicates an average increase of over 76% with regards to month-on-month conversions (as compared to the same months last year).

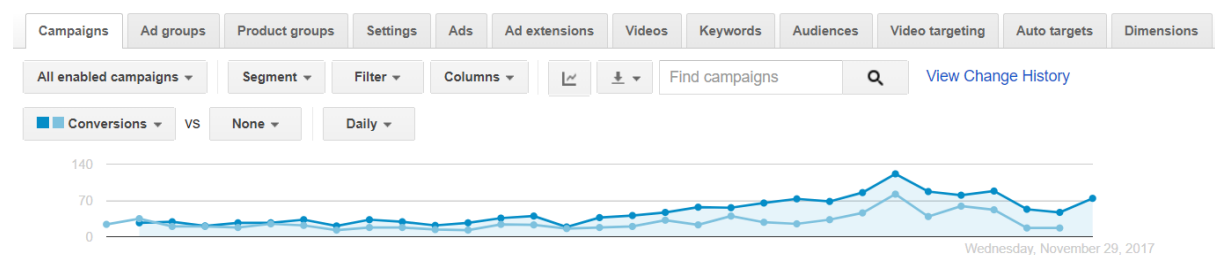


Figure 1: Number of conversions

As Figure 2 shows, within the 3rd quarter of the ongoing business year, conversions increased for 141%, conversion rate increased by almost 60%, CTR (click through rate) increased by 6%, while cost/conversion decreased by 31%.

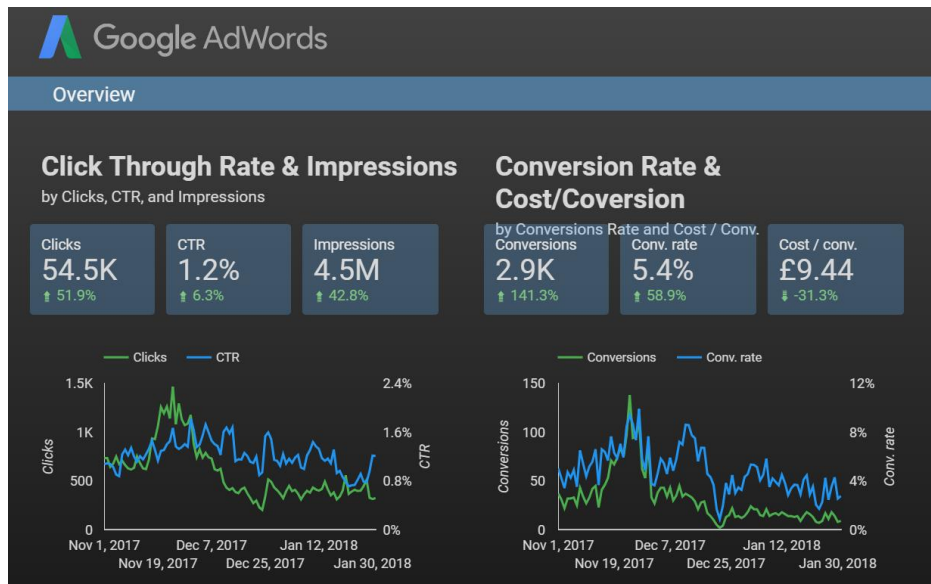


Figure 2: Performance report on AdWords

During the holiday period in 2017 (as compared to the same period within the previous year) revenues grew by 140%, the number of site visitors increased by 36%, the number of transactions increased by 160%, and the e-commerce conversion rate improved by a healthy 78%.

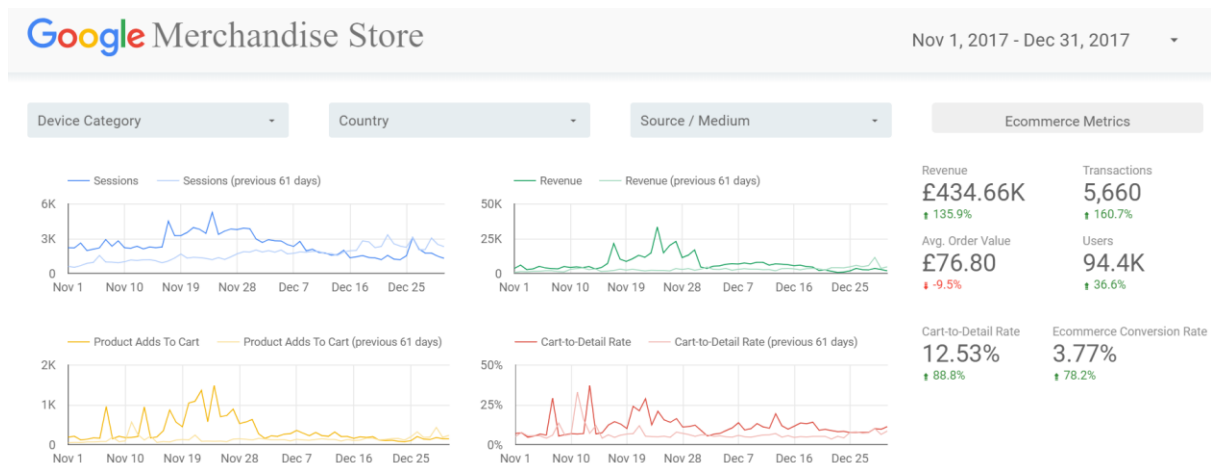


Figure 3: Google merchandise report

4.2. Case Study 2

Founded in 1987, AP is a Swedish beauty products retailer. Today, they are country's top retailer and the ultimate destination for hair, beauty, and skincare. AP offers over 10.000 products from more than 150 international brands. From makeup favorites to niche skincare, the range is influenced by products according to their customers' preference.

AP attracts over 100.000 unique visitors per month, and SEK 80m in sales in 2017, AP has grown from strength to strength and continues to lead the online beauty market in their country. They pride themselves on their wide range of brands and products, exclusive gifts with purchases and fantastic member rewards. As a matter of fact, it's a Google Trusted Store with an excellent rating of 4.5/5.

4.2.1. Main challenges

Since the majority of their customers are making orders online, it is of paramount importance for them to have an online marketing strategy. While creating their plan they consulted our advertising agency to assist them. The primary goal was to increase revenue by expanding the reach of their online campaigns and recapture any conversions they might have lost by bringing back customers to their website. Creating a successful online marketing campaign, for this company, means finding new and creative ways to educate customers on matters that will increase the value of their visit, as well as the value of their purchases.

4.2.2. Business Approach

The agency they engaged helped the company by using and optimizing shopping and search campaigns and from there on they start to look for new ways to expand the company's reach without upsetting their budget. Both shopping and search campaigns serve best with a specific audience or people who are actively browsing to buy products and often has a high ROI. Therefore, it justifies the higher average CPC (cost per click) compare to the other campaigns such as display, for example. On the other hand, display campaigns are ideal when it comes to targeting a broad audience because of the low CPC.

Accordingly, the company decided to try display advertising and remarketing in particular to broaden their reach. Remarketing on the Google Display Network lets advertisers show ads to users who have previously visited a specific website. This meant that AP could show ads to users who viewed products online but still had not yet made a purchase. The display has been considered as an ideal strategy for retailers such as AP, where the buying cycle tends to be shorter, and customers often make repeat purchases. Remarketing lets the company continue to target interested shoppers to maintain top-of-mind awareness.

First users were categorized along with their shopping habits, and different lists based on this have been created. For example, users who added products to their shopping cart without making a purchase would go on the “cart abandoners” list. Likewise, users who didn’t take action after viewing a product would be on the “product viewers” list. Other lists were “past buyers” and “returning visitors”.

AP then created different ad creatives based on what actions users had taken. With separate lists, they could tailor the adequate creative to the user. On most occasions, they offered an additional discount on an already reduced-price product which prompted users to make a purchase decision. By making the ads as relevant as possible, they were able to increase the conversion rate and drive a better ROI.

4.2.3. Results

The results of this company, accordingly, could be considered as a surprise. Here’s a sample of a couple of user-tailored ads for remarketing display campaign.

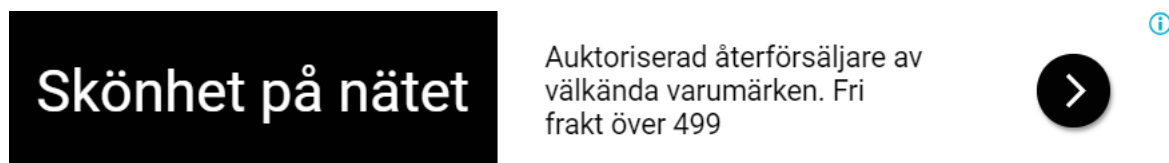


Ad version: A



Ad version: B

Only users on a particular list can see these promotional ads (version A & B) while a more generic advert (version C) is featured for all the other user types. Here's an example of one of the generic display ads.



Ad Version: C

By showing ads to users once they had left AP's web page, AP increased their Google AdWords revenue by 40%. The conversion rate grew by almost 18%, the number of transactions increased by 30%, unique purchases increased by more than 21% and the average order value also increased by nearly 8%. Needless to say, the user tailored ads for remarketing display campaign outperformed the generic display ads which featured for all users.

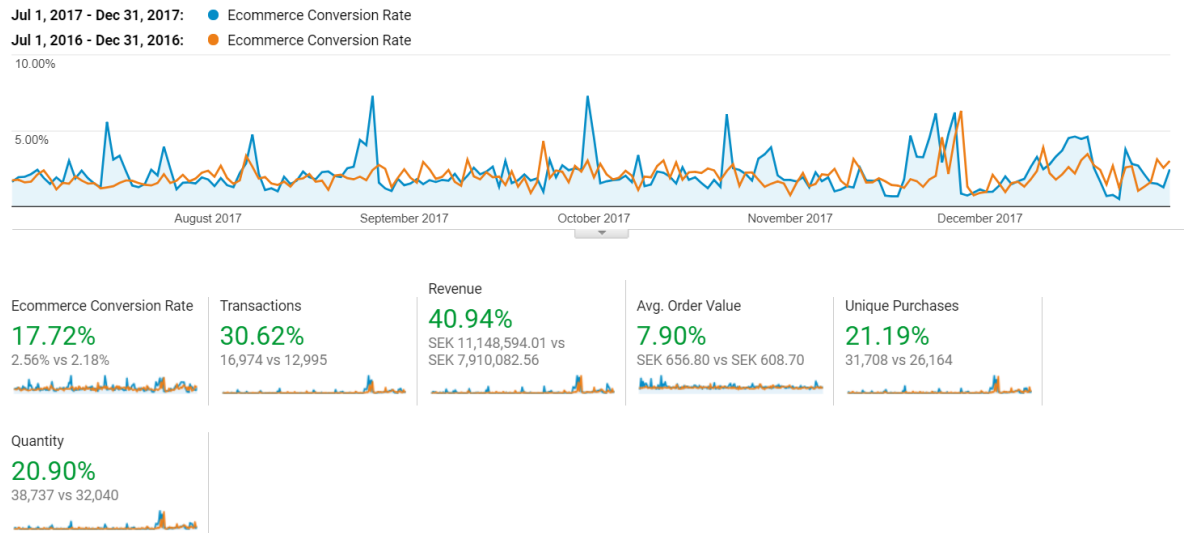


Figure 4: Ecommerce report on Google Analytics

Google's remarketing program has proven to be one of the most cost-effective ways to drive sales at favorable ROI's for many e-commerce retailers and has been integral in the growth of AP's paid search campaigns.

4.3. Case Study 3

OP is a British online pharmacy which is owned by the F.P Group, a family business going back three generations to 1925. OP has experienced pharmacists and healthcare professionals, the group is headed up by G.S, owner and chief pharmacist at OP and B.R, managing director, and the doctors who consult for Dr. M's – their medical helpline service.

OP provides an online primary care consultation services and medical ordering service. Patients register for the service on their website, select the medication they want, complete an online consultation form which is reviewed by a clinician, and if approved, the affiliated pharmacy (which is regulated) sends the medicines to the patient through the secure post.

Clinicians working for the OP are contracted through an external organization. Those clinicians who have been deemed suitable to work for the service are given a personal identification number to log on to their operating system to review, request additional information approve

or reject patients' request for medicines. The service can be accessed through their website, where patients can place orders for medications seven days a week. The service is available for patients in the UK and Ireland.

As a fully registered UK pharmacy, OP is committed to translating the values and heritage of the UK-based bricks and mortar chemists online. Patient safety is their number one priority, and there is a commitment to delivering the highest level of customer service to every patient who visits the site.

OP is also one of the very few online pharmacies in the UK to have passed the recent round of CQC (Care Quality Commission) inspections for digital healthcare providers - across all categories of care.

4.3.1. Main Challenges

Unlike businesses from other industries, there are certain limitations for pharmacies while advertising their products and services online. Both Google and Bing have set up specific guidelines for online advertising. Some healthcare-related content can't be advertised at all, while others can only be promoted if the advertiser is certified by Google and Bing, and targets only approved countries. Both platforms restrict the promotion of online pharmacies. To determine whether an advertiser is promoting an online pharmacy, they consider a number of factors such as the content of ads and website, as well as the offered products or services. Online pharmacies must be certified by the Google and Bing in order to advertise their ads on the search platform.

Failure to follow these guidelines often results in accounts being banned for prolonged periods or in some instances a permanent ban. This prohibits marketers to utilize AdWords and Bing to their full potential as branded terms cannot be used as keywords for prescription drugs neither are words like 'buy' or 'cheap' as they violate Google's and Bing's policies.

OP have been selling their products and services online for almost a decade but never put enough emphasis on online advertising. And when they finally decided to advertise online, they experienced little to no success regarding revenue and sales.

4.3.2. Business Approach

Consequently, their owner consulted our advertising agency to help them develop their digital marketing strategy. This strategy is based on company's primary goal – to drive sales by increasing conversions while being profitable at the same time by increasing the ROAS (return on ad spend). There was no cap on the budget as long as it results in a sale. Company aimed to grow without comprising their overall profitability.

Our advertising agency took over their account in the first quarter of 2017 and ran a quick audit on all of their marketing campaigns. Due to the limited budget, they have started to split out campaigns and ad groups on AdWords and Bing respectively so that the poor performing campaigns or ad groups do not starve the better-performing ones of the budget. As a result, the agency created four distinctive campaigns thematized around keywords (medicines) which are, 'High-value – High-cost', 'High-value – Low-cost', 'Low-value – Low-cost', and 'Low-value – Low-cost'. This way they were able to distribute the available budget based on the value of a particular medicine. The overall aim was to move more of the available budget into the better performing areas and not limit them as much.

They also emphasize offering a discount on some of their top selling products or the high-value products and experimented with pricing for a whole batch of drugs, to find a niche among them. As a result, they reduced the price of several of their top sellers to be the cheapest online - while consultation fee had been set to zero which in some instances was the biggest conversion killer. The target was to make sure profitable products do not get starved out of the budget.

4.3.3. Results

Following the implementation of the newly adopted and implemented the digital strategy, results indicated a considerable success. This is documented in the company's performance analysis and comparison with the previous period.

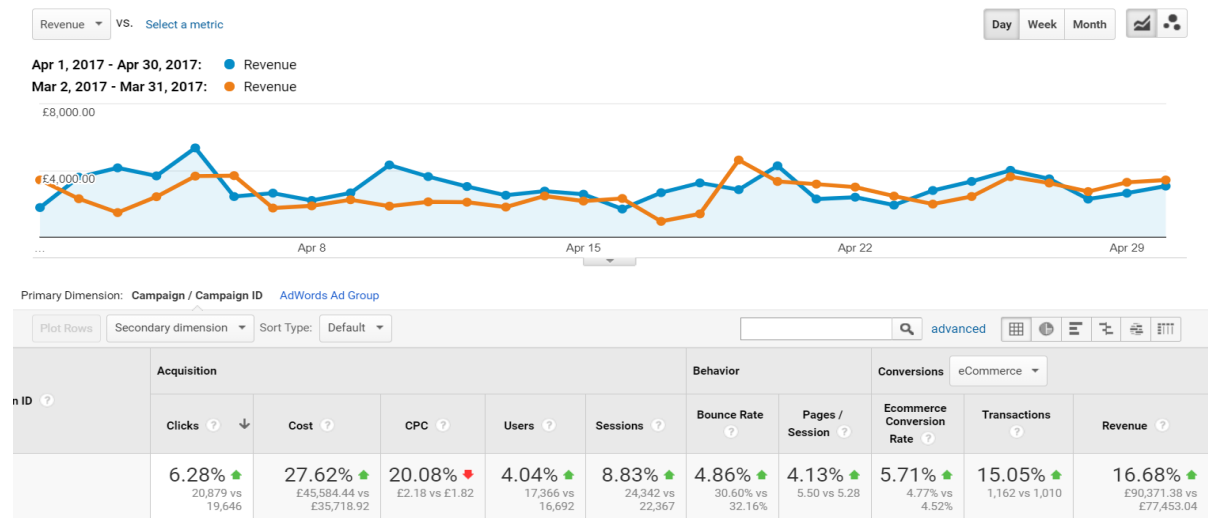


Figure 5: Revenue report on Google Analytics

By implementing all newly developed strategies, OP were able to maximize their revenue by almost 17% which is above considering the industry and competition. The conversion rate was also significantly improved by nearly 6%, and most importantly the transactions increased by an impressive 15%.

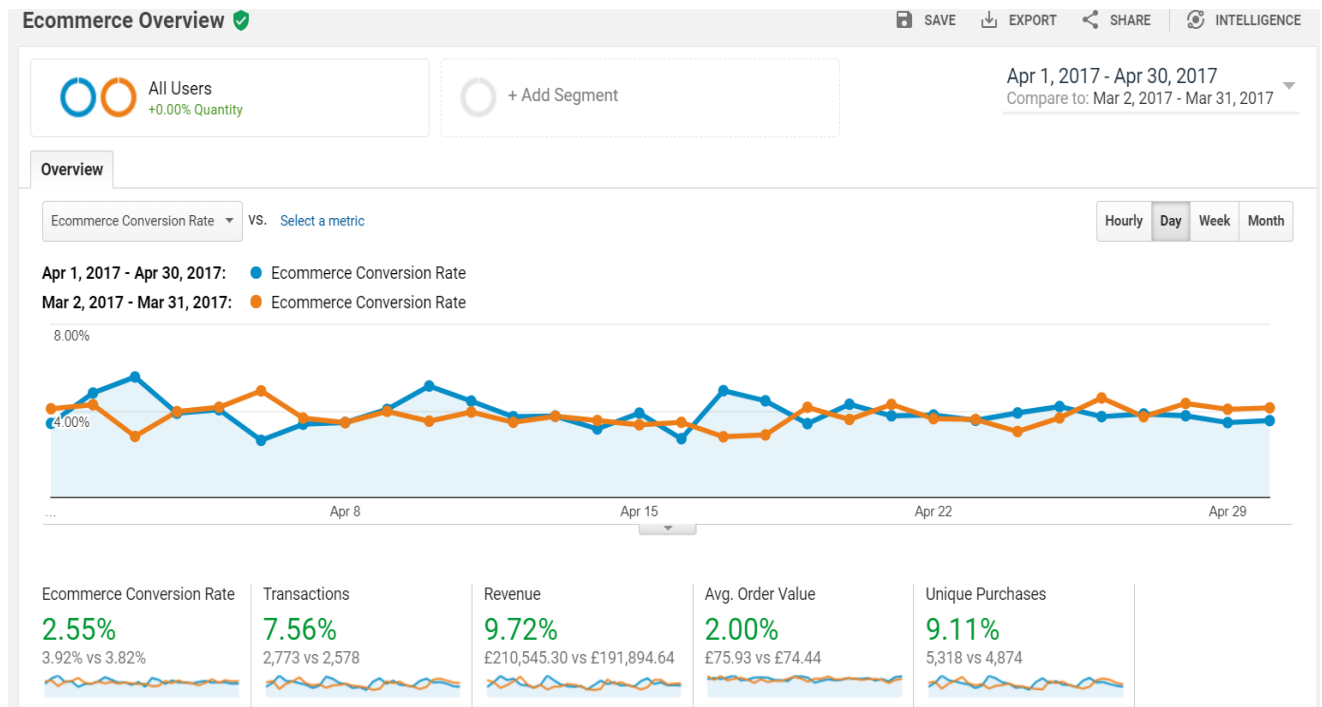


Figure 6: Ecommerce report on Google Analytics

All those strategic changes also had a positive impact on company's overall business since the PPC medium generated the majority of their sales. Here we can see an increment in all the primary metrics. E-commerce conversion rate grew by 2.5%, revenue grew by almost 10%, AOV (average order value) also increased by a steady 2%, transactions increased by 7.5% and a number of unique purchases grew by 9%.

4.4. Case Study 4

BF Ltd is one of UK's fastest growing and prominent internet retailer, specialized in the domain of online shopping. Although a relative newcomer in the fashion industry, BF has firmly established its leadership in affordable and trend-led fashion.

Since its establishment in 2013, the in-house design team has consistently created directional collections which combine not only incredible value but also cutting-edge style. Hundreds of new designs are uploaded on weekly basis, along with stylists' recommendations, all bringing

the latest fashion aimed towards the customers. Their market covers more than 50 countries worldwide.

BF Ltd has been recognised by top consumer titles Vogue, Harper's Bazaar, Vanity Fair and Cosmopolitan magazines in their annual shopping awards and receives editorial support from many of the leading fashion titles.

4.4.1. Main challenges

After running PPC for nearly two years, and having witnessed indifferent results (PPC revenue had fallen by 26% YOY), the company has decided to change its online marketing strategy. They knew their offering was robust but were unable to replicate the strong results their competitors have from their PPC efforts. As part of the new approach, the company set the following goals;

- i) expand online visibility and scale accordingly,
- ii) attract more qualified traffic to the website to increase return on ad spend (ROAS),
- iii) drive more conversions without increasing the cost per acquisition,
- iv) and finally, increase revenue and achieve a higher ROI.

Generally speaking, the company needed to improve its ROI and to demonstrate consistent revenue growth to move towards being a dominant force in the industry.

4.4.2. Business approach

Prior to the creation of its online marketing strategy, the company engaged marketing agency externally to conduct a full audit of their account, to tighten up the structure and focus its targeting on the terms proved to result with a sale. Following this initial step, the company has started to build the account back up, creating everything in an extremely tight structure that was conducive to improving quality score and increased relevancy between search term, keyword, ad, and landing page.

As BF's business grew, the strategy has been adopted. The company expanded the accounts to cover Menswear, Womenswear, Outerwear, Plus Sizes, Gymwear and Seasonal ranges as they were introduced over the years. They also extended the campaigns internationally as BF increased their global reach.

By the time, BF consistently saw solid growth in both, revenue and ROI. High-level analysis facilitated strategic use of budget. Based on external consultancy provided by their advertising agency, the company looked at attribution modeling to set separate targets for top assisting keywords. They also analyzed the effects of different free delivery thresholds on average basket values to help determine the optimum threshold. Finally, the team utilized mathematical models to assess bid adjustments for day parting, location, device, and RLSA. Its sole focus was always on increasing the profitability, and BF consistently tested different ROIs, and the resultant revenue to determine which levels maximized profit and ultimately improved market share.

4.4.3. Results

After implementing the changes in marketing strategies described in the previous section, the brand performed excellent results. The following graph illustrates the performance analysis comparing the results from the same period in two consecutive years.

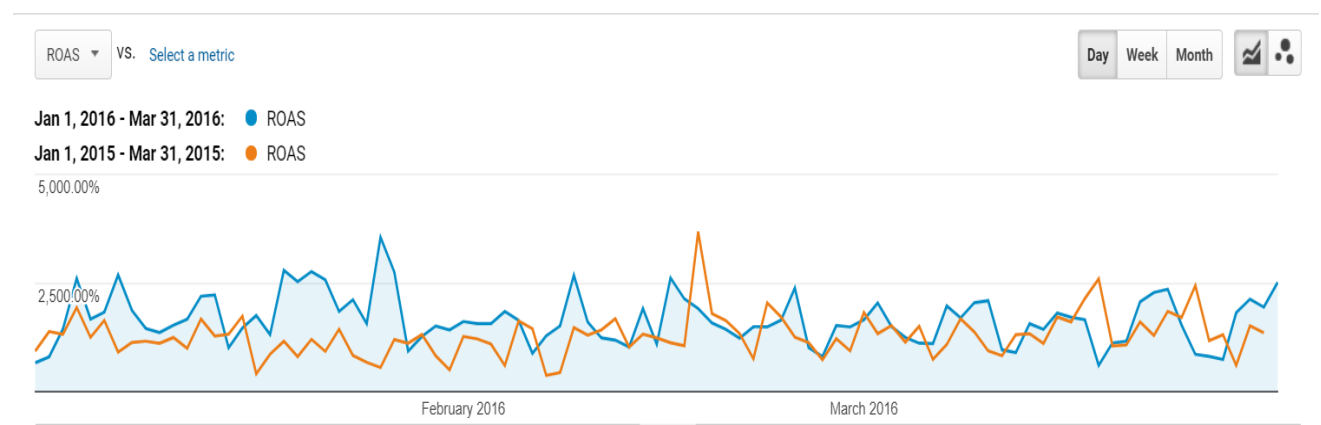


Figure 7: ROAS report on Google Analytics

One of the primary goals of BF was to increase their ROAS (return on ad spend) which they managed to achieve and multiplied it by 15%.

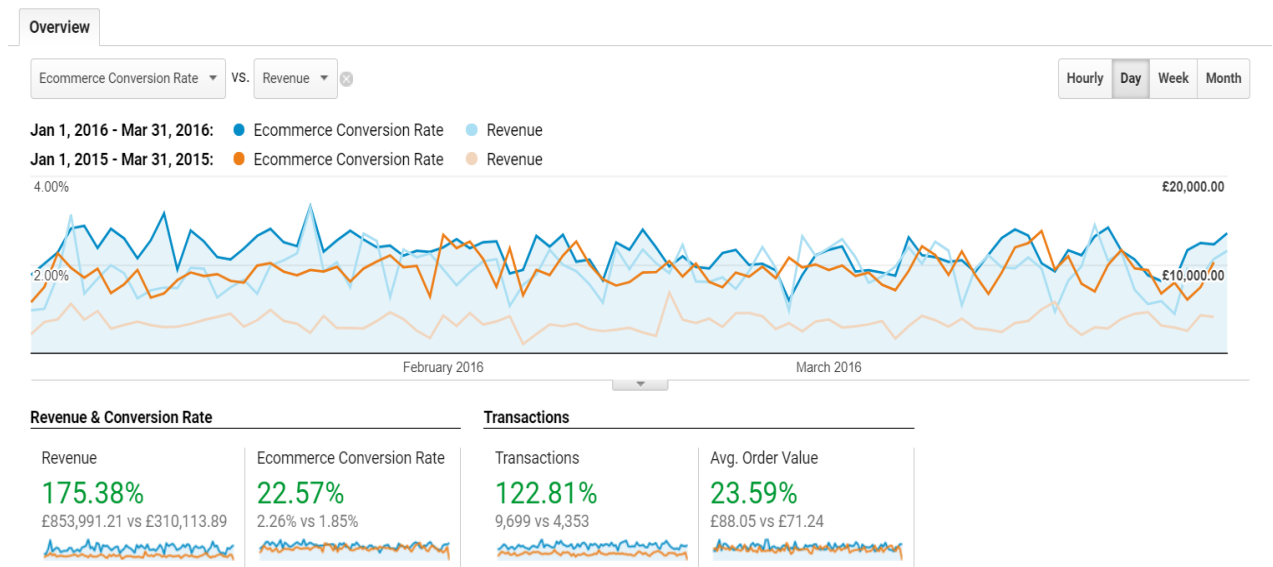


Figure 8: Revenue & conversion report on Google Analytics

But the significant growth was seen in revenue which increased by 175% from £330k to whopping £850k. The conversion rate also resulted in a healthy growth, rising by 22%. The number of transactions increased by 122%, and so did the average order value which increased by almost 24%.

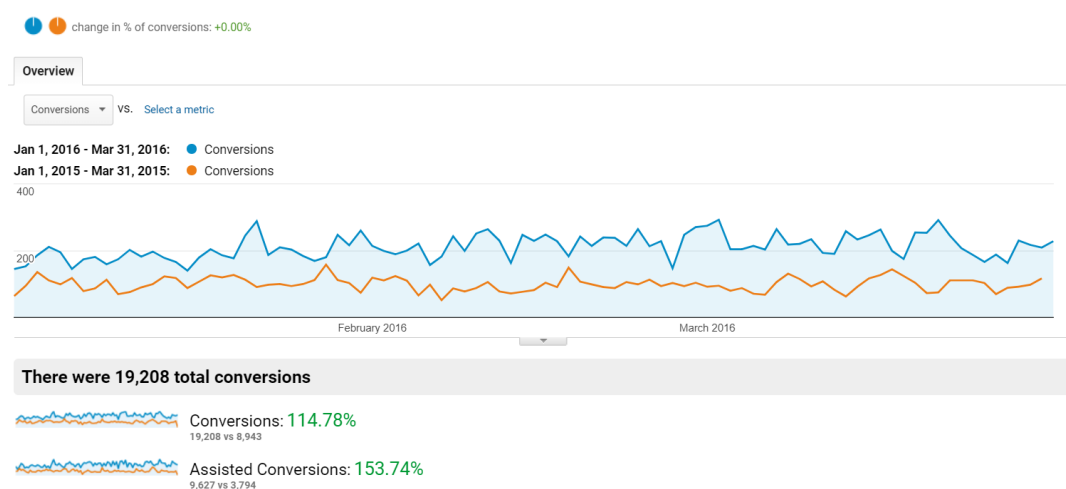


Figure 9: Conversion report on Google Analytics

We were also able to increase their conversions by 115% while also keep the cost per conversion on par.

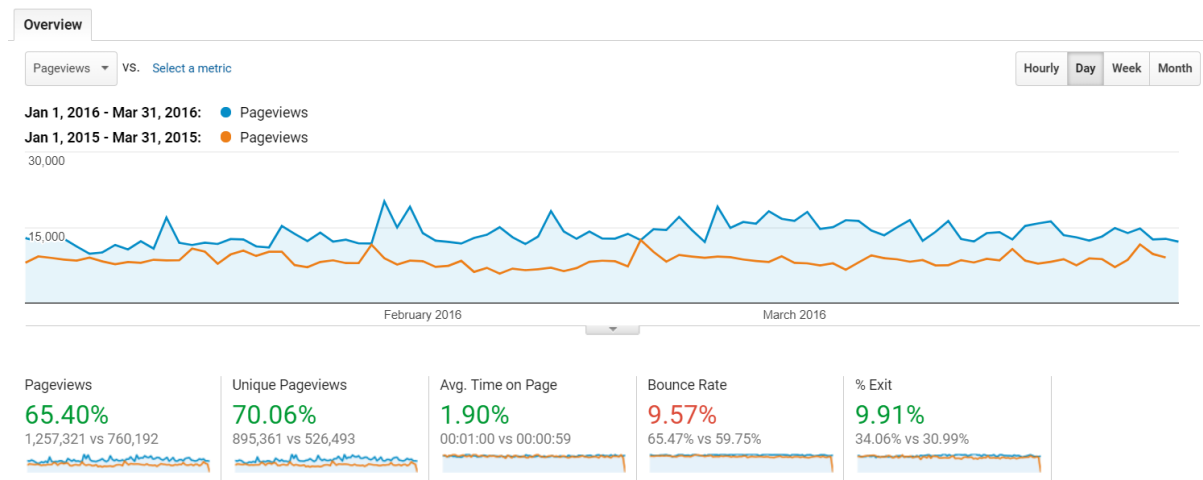


Figure 10: Website performance report

Another goal was to bring quality traffic to the website. As it can be observed from the chart above the number of pageviews increased by 65%, but more importantly, the number of unique pageviews (unique pageviews is the number of sessions during which the specified page was viewed at least once) increased by 70%. Average time spent on the website was also increased slightly, whereas the exit rate (it indicates how often users exit from a particular page or a set of pages) by almost 10%, with only the bounce rate seeing the decline of 9%.

After managing their account for more than two years now, the non-brand revenue was over 20 times higher than at the start of the project, with ROI more than doubling.

4.5. Case Study 5

PO Ltd is a high-fashion producer of leather belts, bags, accessories, and polo equipment with a worldwide customer base. PO Ltd prides itself with a three C's which stands for creativity, couture, and craftsmanship. Their bags, belts and small leather accessories are exemplars of the traditional art, exquisite craftsmanship and incredible virtuosity of South America's artisans.

PO are renowned for their luxury collection of classic, hand-stitched leather polo belts, which illustrates their passion for craftsmanship, luxury materials, and exceptional design. Company pays attention to details; whether it is their worldwide search to find the most exotic and exclusive colors for their leather, or the intricate, hand-crafted detailing, each belt is created with incredible detail and love.

4.5.1. Main challenges

PO found itself in a precarious situation like many of the other high-end fashion product retailers. Their business was going well, but most of their traffic was coming from affiliate sites which affected their sales as well. They wanted to increase their visibility in AdWords and Bing to combat the visibility of affiliates who had begun to appear ahead of them in brand-related keyword searches.

They wanted brand searches to direct traffic and, therefore, sales directly to their site rather than affiliate sites. With brand presence being their primary goal, they emphasised on other goals as well such as:

- i) growing the number of their leads (conversions) without compromising the quality,
- ii) reducing the cost per acquisition (CPA),
- iii) increasing the revenue by at least 50%,
- iv) generate ROAS (return on ad spend) of at least 500%,
- v) and improving the quality score, hence, lowering the CPC (cost per click).

4.5.2. Business approach

Taking into account that brand presence has been the priority, the company started to develop a new marketing strategy by building a brand protection campaign, with 'brand', 'brand+product' and 'brand+affiliate' keywords designed to appear for all high purchase intention searches. This resulted in an expected increase in brand presence and drove an increase in sales as they took increasing ownership of transactions that had previously been lost to affiliate companies.

They also reviewed the entire account at the beginning of the process, in order to identify problematic areas and hidden opportunities. Starting with cleaning out the structure, company constructed the Ad Groups making them more concise with highly keyword dense ads, which significantly improved the account's health and overall Quality Score (Quality Score is an estimate of how relevant your ads, keywords, and landing page are to a person seeing your ad). PO also restructured all foreign country campaign targeting, and also dividing each territory into a separate campaign and adding more detailed location lists.

This was followed by improvements to keyword targeting, and significantly expanded their reach, and increased clicks by 100% in the second month. Alongside keyword expansion, the company continuously expanded negative keyword lists to improve traffic quality. As a result, the revenue grew by 60% in the second month which, with the increased volume of traffic, resulted in 250% more conversions in total.

Analysis of user behavior and characteristics identified that 20% of users convert at their second interaction and that price comparison is a massive factor in purchase decision making. Therefore, the company set up remarketing audience lists and, once they collected enough user data, implemented display remarketing and RLSA.

Since one of the marketing goals was to generate qualified leads at an efficient CPA (cost per acquisition), PO experimented with the In-Market audiences (people who are actively looking

for products) and combined them with the remarketing campaigns. This resulted in revenue being increased by 115% in the third month, increasing the total amount of conversions by more than 500%.

4.5.3. Results

All those changes turned out to be a massive success for PO. Here's the performance analysis comparing the results over the same period last year.

Conversions ?				Cost / conv. ?				Conv. rate ?				Conv. value / cost ?			
11/1/16 - 1/31/17	11/1/15 - 1/31/16	Change	Change (%)	11/1/16 - 1/31/17	11/1/15 - 1/31/16	Change	Change (%)	11/1/16 - 1/31/17	11/1/15 - 1/31/16	Change	Change (%)	11/1/16 - 1/31/17	11/1/15 - 1/31/16	Change	Change (%)
314.00	20.00	294.00	1,470.00%	£13.01	£60.72	-£47.71	-78.58%	2.24%	1.91%	0.33%	17.44%	6.03	1.32	4.71	357.11%

Figure 11: Year on year performance analysis

One of the primary goals was to generate ROAS of at least 500%; the ROAS (Conv. value/cost) saw a 350% growth which increased the ROAS to 600%. The other important goal was to reduce the CPA (cost per acquisition) which saw a decline of 78%, bringing down the Cost/conversion from £60 to a modest £13.

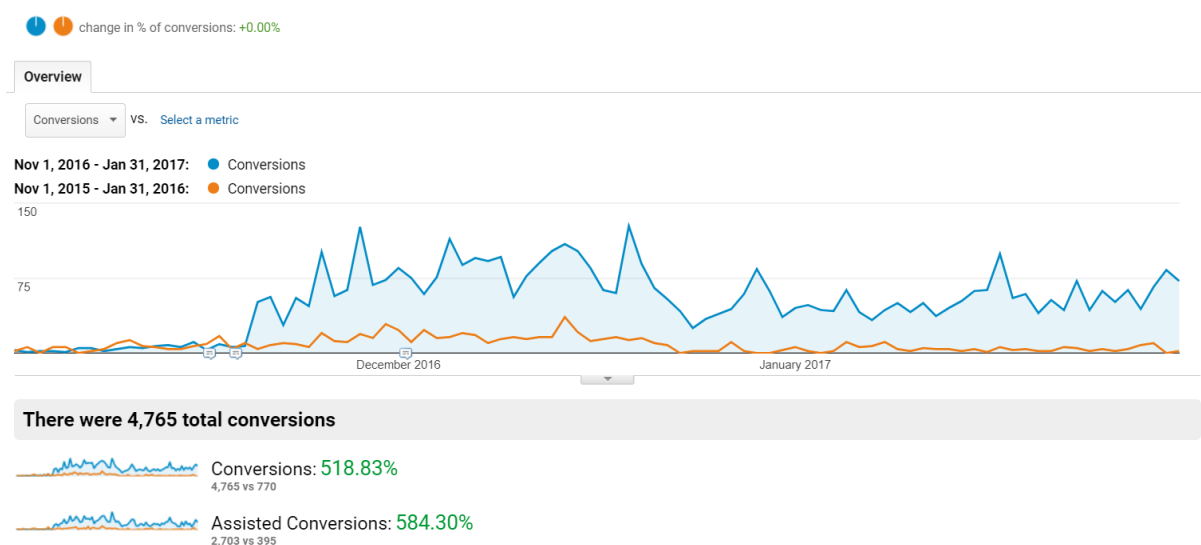


Figure 12: Year on year conversions comparison

As for the conversions, they increased by an impressive 500% compared to the same period last year.

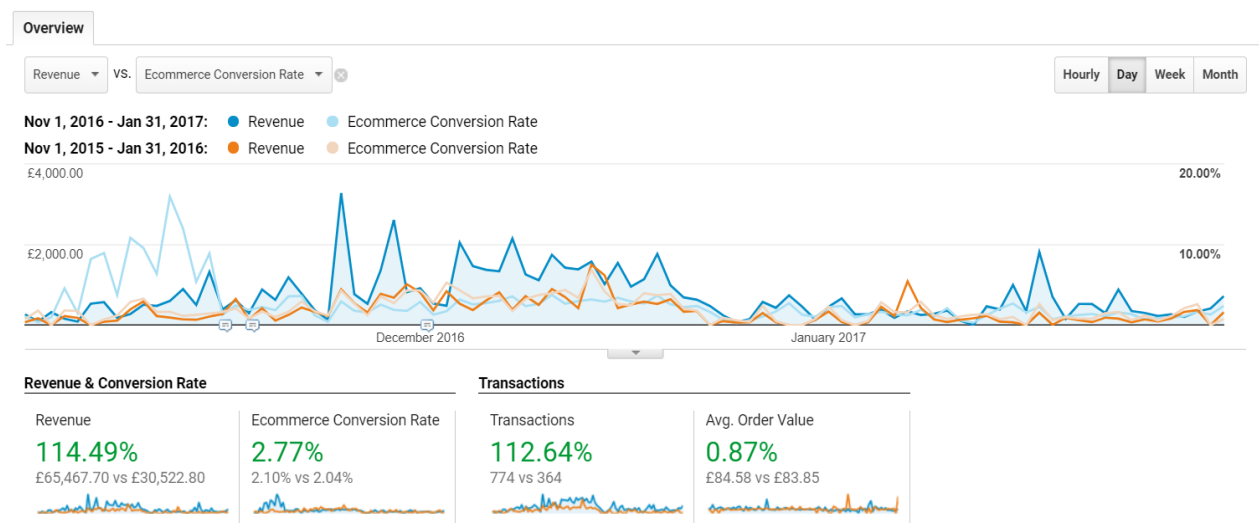


Figure 13: Ecommerce year on year performance

All these essential changes proved a massive success for PO. Their business saw an upturn in revenue which increased by more than 100% from £30k to £65. The number of transactions also grew by 112%, while e-commerce conversion rate increased by a steady 2.7%.

4.6. Case Study 6

UTC is a small, family-owned British company which supplies trade tools, accessories, hardware products and DIY tools. Trading from a massive tool & fixings showroom for over 60 years, UTC has expanded its range online for delivery throughout the UK.

UTC offers more than 10,000 products from top brands at the daily basis for low prices which include power tools, plumbing, screws & fixing, plumbing, hand-tools, storage & security, garden, lighting & electrical, etc. Customers can buy online, at various branches across the UK or place their orders through their dedicated call center. The website also offers the customers

to browse products in their local branch before purchase and click & collect it from the store within hours of placing the order.

4.6.1. Main challenges

For many online retailers running successful e-commerce is a challenge. Similarly, UTC were doing fine in terms of sales but still far behind their competitors, especially on online platforms. Consequently, their management decided that running an online advertising campaign is the only way to bridge that gap. So, UTC approached external advertising agency to help them develop a feasible online marketing strategy and related activities.

The agency took over their e-commerce store's PPC management in the first quarter of 2016 and realized there were challenges in four different areas including:

- Increase revenue – This bottom line figure is the most important. Since the profit margin was tight on some of the high-value products they emphasized on a much better return on investment to improve their profits.
- Increase e-commerce conversion rate – They needed to increase the volume of conversion rate to generate more sales.
- Increase conversions and conversion value – Driving quality traffic to the website to increase the number of conversions while simultaneously increasing the value of the sales.
- Reducing or maintain the current CPA – In a competitive trade & DIY tools marketplace, it is of paramount importance to increase sales without compromising the cost per acquisition (CPA).

4.6.2. Business approach

After running a thorough analysis of company's account and examining their website for the conversion potential the advertising team took several actions with the sole aim of improving the set KPIs (Key Performance Indicators). They carried out following steps:

- Running an in-depth keyword research analysis while working closely with the client to understand their business, their USP's (unique selling points) and key offerings.
- Restructuring company's account by implementing new campaigns, ad groups, and keywords. We split the campaigns by brands and product category to establish a niche. They also kept the keywords in tightly themed groups to raise the quality score.
- Optimizing the bid by using several modifiers for both broad match and long-tailed keywords to grow revenue while raising brand awareness in the marketplace.
- Making several changes to the website content to improve website landing pages such as experimenting with various CTAs (call to action) and checkout process, to grow website's conversion potential.
- Experimenting with several versions of ad copies to encourage high click-through rate and significantly improve conversion rate.
- Building a negative keywords list to remove irrelevant search queries and reduce "wasted clicks", hence, utilizing the budget efficiently.

4.6.3. Results

After implementing those changes, UTC experienced excellent results. Here's the performance analysis comparing the results over the same period last year.

Conversions ?				Cost / conv. ?				Conv. value / cost ?			
1/1/16 - 6/30/16	1/1/15 - 6/30/15	Change	Change (%)	1/1/16 - 6/30/16	1/1/15 - 6/30/15	Change	Change (%)	1/1/16 - 6/30/16	1/1/15 - 6/30/15	Change	Change (%)
14,290.00	5,297.00	8,993.00	169.78%	£5.28	£5.57	-£0.30	-5.36%	14.61	14.30	0.31	2.14%

Figure 14: Performance analysis on AdWords

One of the primary goals of UTC is to increase the number of conversions. Here we can see the massive growth in conversions, which increased by nearly 170%. One of the other goals

was to either reduce or maintain the current CPA, which we were able to achieve by lowering the cost/conversion by 5%. Return on ad spend (conv. value/cost) also experienced a positive change, a steady 2% rise.

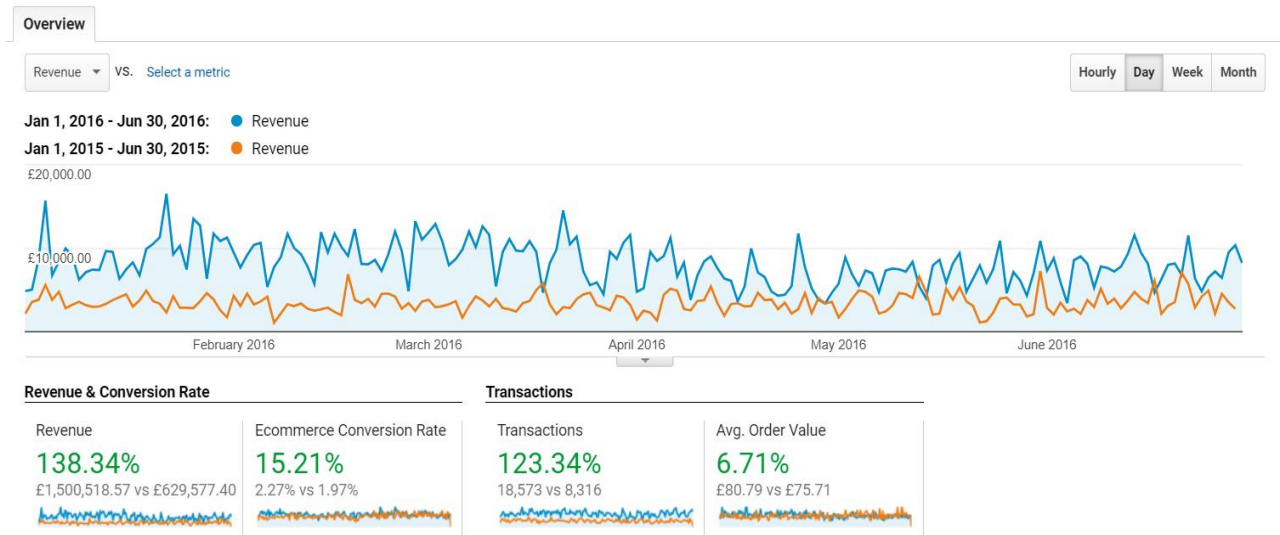


Figure 15: Year on year revenue comparison on Google Analytics

Their primary goal was to increase revenue which increased by almost 140%, more than doubling the revenue from the previous period. E-commerce conversion rate also increased by a healthy 15%. The number of transactions increased by nearly 125%, rising from 8k to 18.5k. Average order value also saw a definite upturn, growing by almost 7%.

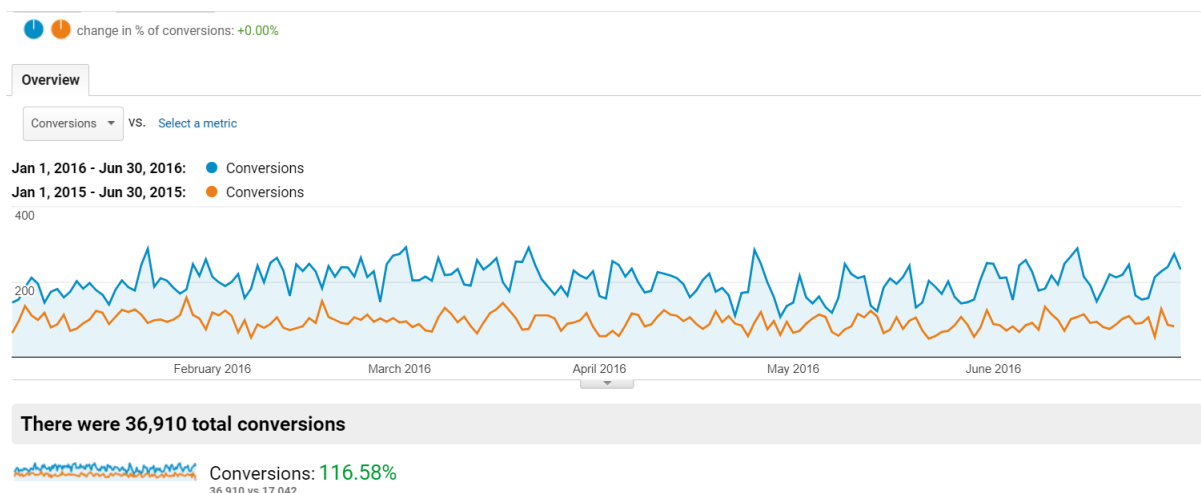


Figure 16: Year on year conversions comparison

In general, conversion across all channels/mediums increased by more than 100%, more than doubling the number of conversions for the same period last year.

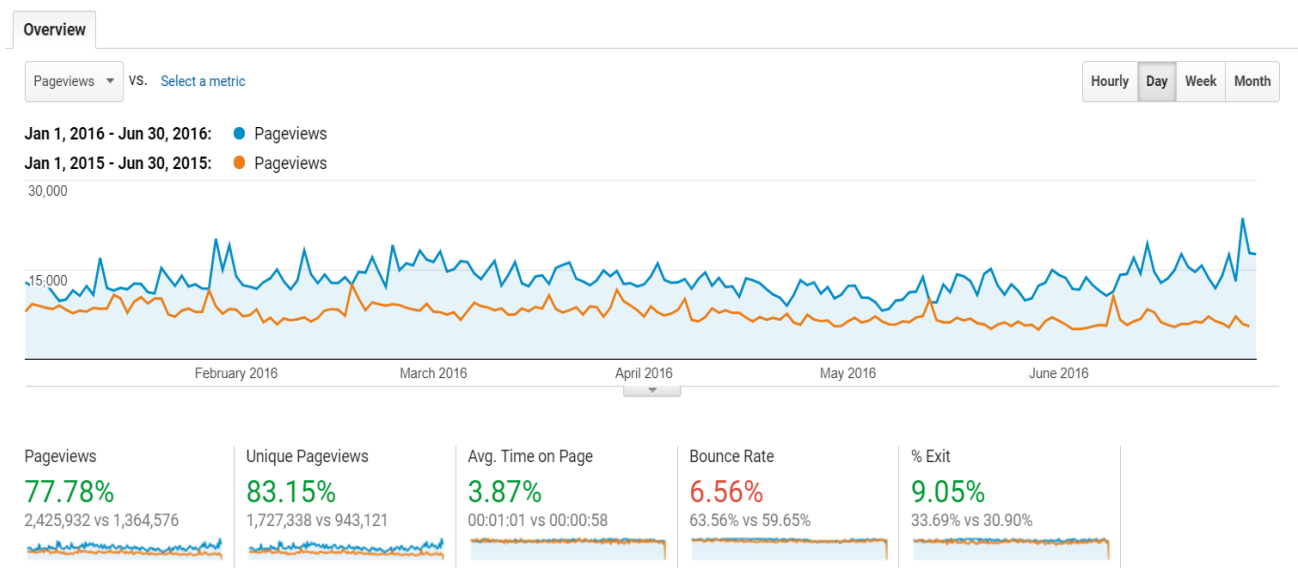


Figure 17: Website performance analysis

The other important goal was to bring quality traffic to the website and enhance user experience. After the website optimization, the results were vastly improved. The number of page views increased by 77%, more importantly, the number of unique pageviews enhanced by 83%. Average time spent by a particular user on the website also increased by nearly 4%. Exit percentage also increased by 9%, whereas bounce rate only saw 6% decline.

5. Main survey findings

In this section, main findings of the online survey among experts from various fields of digital marketing will be presented. The total of 60 respondents has been surveyed through an online questionnaire. Out of this number, the majority have expertized in Search Engine Marketing (30 %) and Social Media (23 %), while the least have expertized in Web Development or Design (10 %).

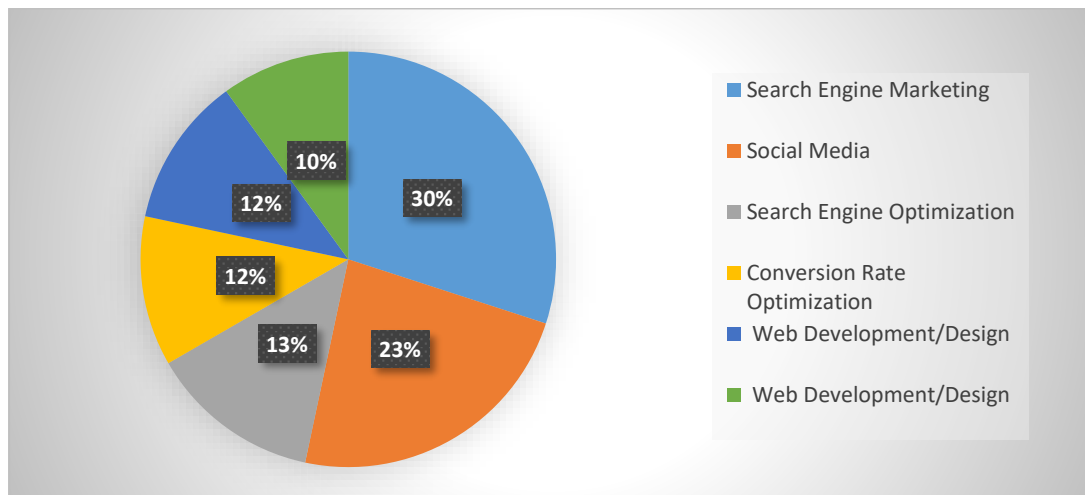


Chart 1: Participants expertise

Based on respondent's experience and opinion, the most relevant marketing strategy is building buyer persona, while the least pertinent includes the development of a web page.

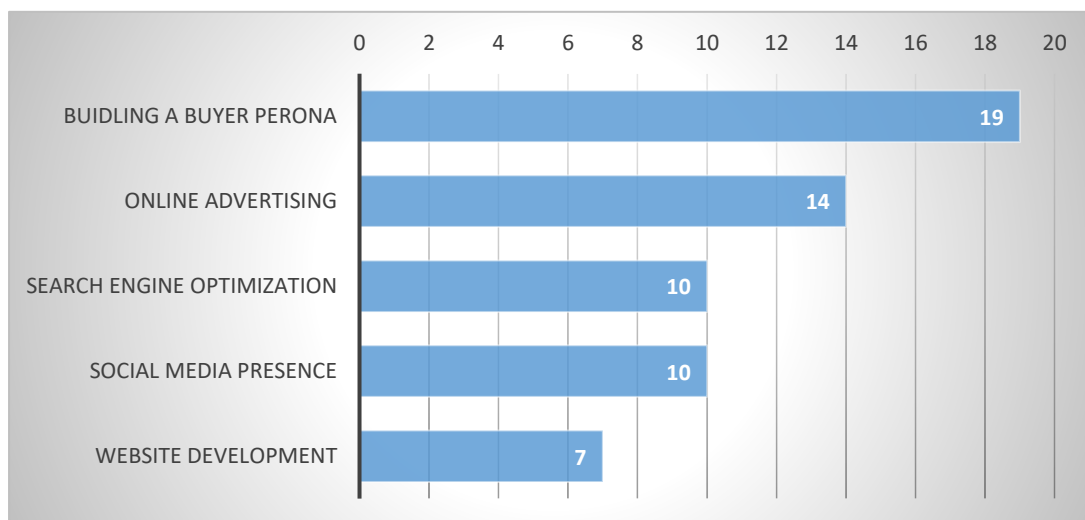


Chart 2: Reasons for cost-effectiveness of online marketing

There is no doubt, and barely all respondents (60 out of 60) consider online marketing to be to the cost-effective strategy for small and medium enterprises. While providing an explanation for their answers, for the most (44 %) it is cost-effective due to the higher ROI (Return of Investments) compared to traditional marketing strategies, while the lowest number of responses consider a variety of tools available to measure performance as the most significant benefit.

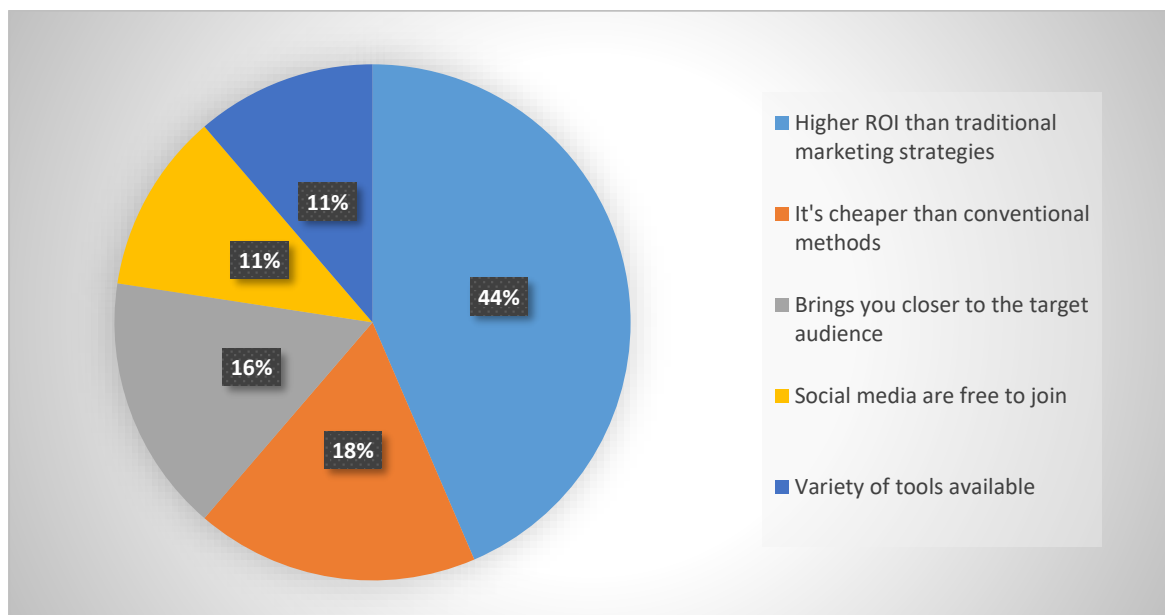


Chart 3: Benefits of online marketing strategies

All respondents believe that small and media enterprises should use popular search advertising services like AdWords and Bing as tools to support their regular marketing activities. They provided the following reasons for such a choice – increased leads and customers and advertising costs that could be controlled as the most frequent, and measurability and flexibility of these tools as the least frequent reason.

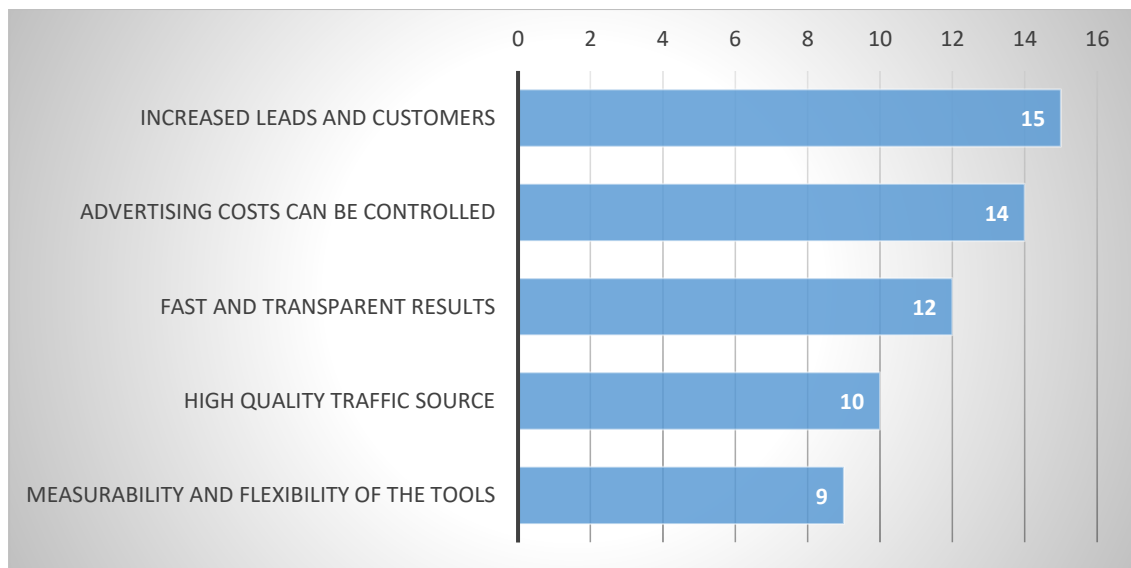


Chart 4: Relevance of AdWords & Bing

Respondents unilaterally (60 out of 60) considered Key Performance Indicators to be important for small and medium enterprises to measure online marketing strategies. Ability to monitor the performance of digital marketing activities and efforts (35 %) have been mentioned as main reason in most of the cases while aligning business goals with the marketing approach as the least significant reason (in 17 % of cases).

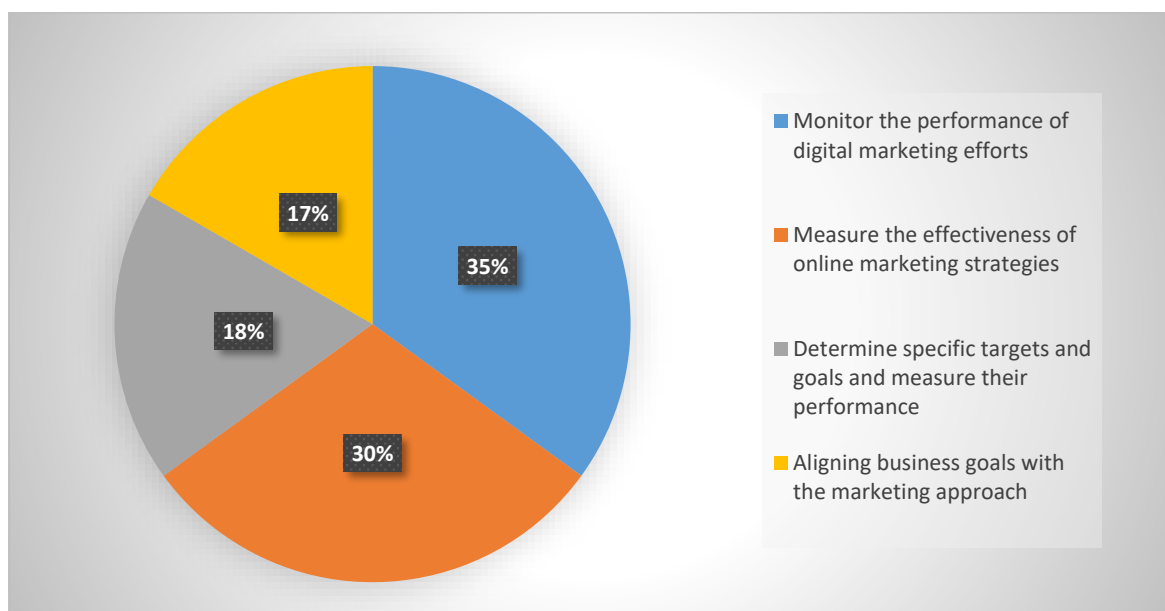


Chart 5: Importance of KPIs

Respondents believe that SMEs should use social media platforms because they open opportunities for sharing (19 out of 60 responses), increase brand awareness and loyalty (14), connect SMEs with their target audience (12), enable targeted advertising (8) and increase traffic and conversion to their websites (7). For them Search Engine Optimization (SEO) is crucial since it leads to the high-quality traffic on the website, enables more top ranking in the search engine ranking pages, provides business credibility and results with one of the best ROI in advertising. Not all these consequences are rated equally.

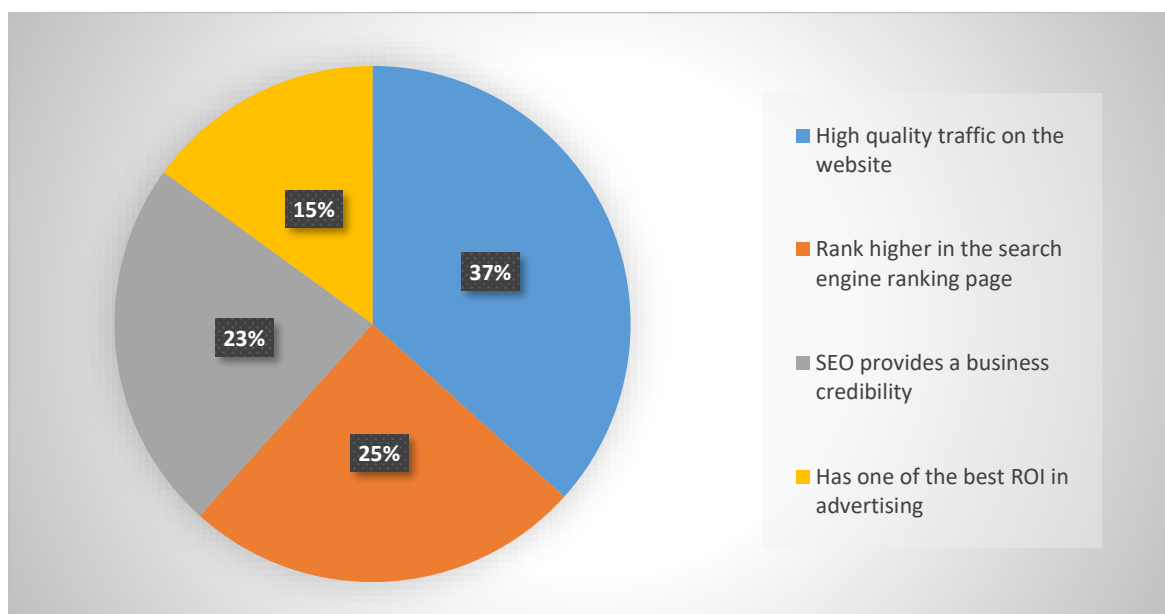


Chart 6: Benefits of SEO

Almost half of respondents (47 %) use AdWords the most to measure their online marketing performance, other use Google Analytics (25 %), and in smaller amount Kissmetrics (11 %), SEMrush (10 %) and Mixpanel (7 %).

Most of the respondents believe that online marketing has to be continuous activity since it keeps customers informed and engaged (33 %), while the least think it is for maintaining marketing momentum (12 %).

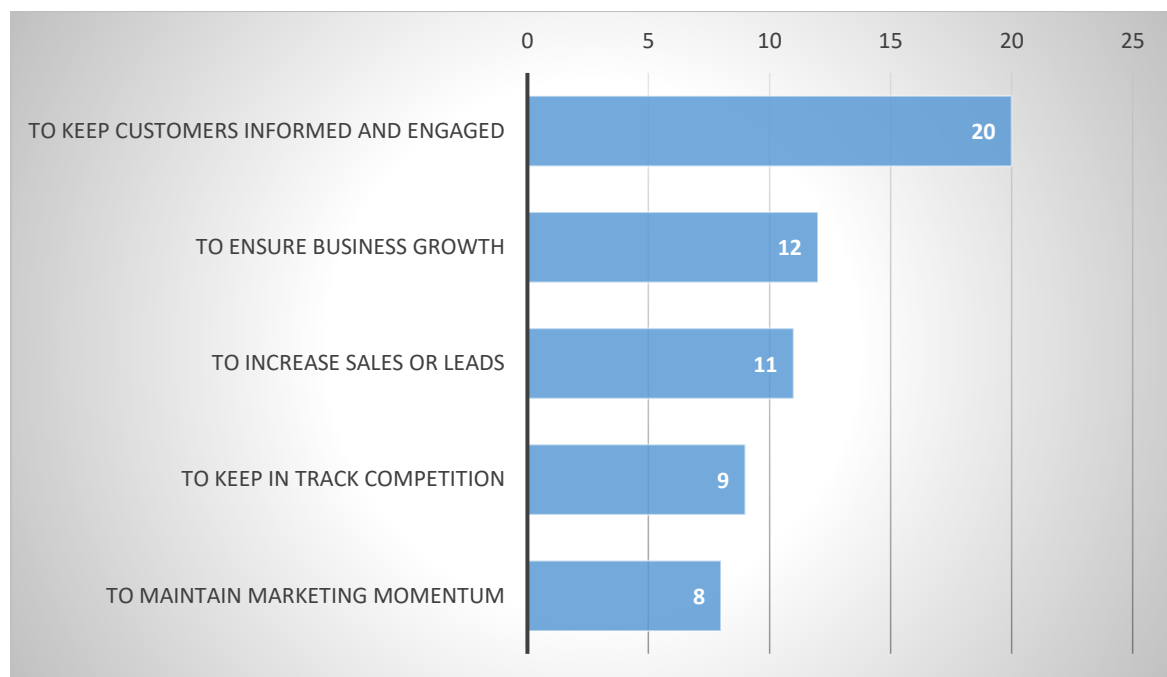


Chart 7: Importance of continuous marketing efforts

6. Discussion

Key Performance Indicators can help businesses measure their incremental progress towards goals such as profitability and brand awareness. Despite some flaws discussed in the introduction of this thesis, the practice and experiences from the cases analyzed showed that carefully planned and strategically implemented KPI can lead to a better business operation and significant results. Experiences are diverse, and each company has to decide on its strategy, key objectives, and metrics based on the process of testing, including trials and errors. In order to be meaningful, the KPIs need to be measurable, credible and timely.

Research provided within this thesis assumes two types of problems deserved research attention to understand the effects of digital marketing strategy and applied criteria correctly. First could be formulated as a question - What we do not know when it comes to the relationship between SMEs success and implementation of strategy with KPI's? Second, relates to the practical problem for SME's when applying KPIs as part of their digital marketing strategies, and that is supposed to result in more feasible and functional outcomes.

What this thesis found, based on the cases analyzed, is that precondition for success in business is that any digital marketing effort or activity needs to be strategically planned, based on evidence or driven by data, each of step of the process has to be seriously considered. And in all stages – while seizing the opportunity, creating the strategy and taking action – companies need to take a generic approach and take into account all free to be successful. Additionally, analytics used for each KPI has to be tailored in line with the type, objective, mission, and vision of the business. While targeting the audience, this has to be done through segmentation into smaller groups with demographic information and specific characteristic that is considered to be strategically vital for one's company.

Return on Investment (ROI) is considered as one of the most important goals of each market strategy, including the digital one. And this was the case with all selected cases, as an ultimate

goal, while prioritization of different sub-goals or specific goals varies. Before developing their online marketing strategies and run campaign, accordingly, the cases under scrutiny, faced numerous challenges. Generally speaking, these challenges could be grouped into several general categories:

- To develop an online marketing strategy as a first step (examples include AP – case 2, UTC – case 6),
- Enhancing conversions (examples include PS Ltd – case 1, BF Ltd – case 4, UTC – case 6),
- Cut down the cost-per-conversion (CPC) rate (example includes PS Ltd – case 1),
- To increase revenue (examples include AP – case 2, BF Ltd – case 4, PO Ltd – case 5, UTC – case 6),
- Expanding online visibility (examples include BF Ltd – case 4, PO Ltd – case 5),
- To attract more qualified traffic to the website (example comprises BF Ltd – case 4).

There were also some specific goals based on the company's experience and very specific needs, such as:

- Recapturing any conversion, they might have lost by bringing back customers to their website (an example is AP – case 2),
- Growing the number of their leads (conversions) without compromising the quality (an example is PO Ltd – case 5),
- Increase e-commerce conversion rate and to generate more sales (an example is UTC – case 6).

For one company – OP which is a British online pharmacy (case 3) – it was the biggest challenge to comply with the guidelines for online marketing for specific and niche business such as the healthcare. The strict guidelines for this niche prohibit marketers to utilize

AdWords and Bing to their full potential as branded terms cannot be used as keywords for prescription drugs neither are words like ‘buy’ or ‘cheap’ as they violate Google’s and Bing’s policies.

For successful PPC performance, the strong account structure is an essential precondition. As evidence shows, most of the cases taken into account didn’t correctly structure their accounts, and the initial step in (re)creating their marketing strategy and adapting it for online business was to set up their accounts correctly.

In cases of BF Ltd (case 4) and UTC (case 6), their entire accounts have to be reviewed by the engaged advertising agency, in order to identify problematic areas and hidden opportunities, and to restructure account by implementing new campaigns, ad groups, and keywords. For BF Ltd, the account structure has been cleansed, and company constructed the Ad Groups making them more concise with highly keyword dense ads. This as a result, significantly improved the account’s health and overall Quality Score which estimates how relevant ads, keywords, and landing page are to a person seeing them. In the case of UTC, the restructuring of their account has been followed with the campaign split by brands and product category to establish a niche. They also kept the keywords in tightly themed groups to raise the quality score.

In some cases, this was a big challenge. For example, OP - the pharmaceutical company (case 3), faced a significant obstacle while creating its account since some healthcare-related content can’t be advertised at all, while others can only be promoted if the advertiser is certified by Google and Bing, and targets only approved countries. In this case, to determine the way of how an advertiser is promoting an online pharmacy, some factors such as the content of ads and website, as well as the offered products or services, have to be considered. Additionally, online pharmacies must be certified by the Google and Bing in order to use ads. And, finally, failure to comply with these guidelines may result in accounts being banned for prolonged periods or in some instances a permanent ban.

Evidence collected from the cases indicated that companies, without the help from advertising specialists, usually build their accounts without embracing all essential aspects that affect its structure and performance. And this takes into account the number of keywords for each ad group, the number of ads per ad group, and keywords relevance for each group. In order to tackle this problem marketers, suggest and create several campaigns that are focused on each product, paying attention to location or some specific topics that are considered to be necessary for the business. This aspect will be discussed in detail in one of the following paragraphs.

Targeting the right and the adequate keyword is another essential step and also a precondition for the success of online marketing campaign. Entire PPC campaigns are built around keywords, and those successful continuously grow and work on their PPC keyword lists. Such PPC campaigns, require a fresh and tailored keyword research to grasp valuable and useful long-tail, low-cost and highly relevant keywords that could be driving traffic to company's site. An active PPC keyword list is characterized as applicable, exhaustive and expansive, as well as time-consuming. When it comes to relevance, it stands for selection that reflects one's business, words that lead to a high PPC through rate or a low cost per click, including the increased profits. UTC, the British company, specialized in trade tools and accessories, run an in-depth keyword research analysis to understand the business, the unique selling points, and critical offerings. They also, as part of their strategy, built a negative keywords list to remove irrelevant search queries and reduce "wasted clicks", hence, utilizing the budget efficiently.

The list of keywords is supposed to be exhaustive and to cover the longer list keywords, not only those that are the most popular and salient. For example, BF Ltd (case 4), considered that brand presence is their, the priority, and started to develop a new marketing strategy with 'brand', 'brand+product' and 'brand+affiliate' keywords designed to appear for all high purchase intention searches. This resulted in an increase in brand presence and drove an increase in sales as they took increasing ownership of transactions that had previously been

lost to affiliate companies. Finally, there is a need to constantly refine and expand campaigns, and to permanently adopt the keyword list. P.S. Ltd (case 1) applies various tools such as SEMrush, SpyFu, or Moz to understand the competitors' prime keywords as well as their tentative bids. Based on the findings and follow up advises by their advertising company, they categorized and divided the products based on the following topics - demand, price, and competition. For those keywords that appeared to be highly competitive, the company kept the low bid rate low, and for keywords that are considered as a moderate or low competition, they decided to stay within the top 3 bids. In most of the cases, Google AdWords, have been used on a pay-per-click model, in which users bid on keywords and pay for each click on their advertisements.

Tracking campaign is possible through budget planning and tracking. Defining a separate budget for each campaign is an excellent way to optimize and rationalize the spending. In the case of AP (case 2), the agency they engaged helped the company by using and optimizing shopping and search campaigns, and this enabled them to expand the company's reach without upsetting their budget. Their experience indicated that both, shopping and search campaigns, serve best with a specific audience or people who are actively browsing to buy products and often has a high ROI. Therefore, it justifies the higher average CPC (cost per click) compare to the other campaigns such as display, for example. On the other hand, the experience of AP has shown that display campaigns are ideal when it comes to targeting a broad audience because of the low CPC. On the other hand, advertising agency took over the account of OP, British online pharmacy (case 3) and ran a quick audit on all of their marketing campaigns. Due to the limited budget, they have started to split out campaigns and ad groups on AdWords and Bing respectively to improve the performance. As a result, the agency created four distinctive campaigns thematized around keywords (medicines) which are, 'High-value – High-cost', 'High-value – Low-cost', 'Low-value – Low-cost', and 'Low-value – Low-cost'.

This way they were able to distribute the available budget based on the value of a particular medicine.

Since the PPC is considered to be a costly campaign tool, and to efficiently use it, it is vital to test ads regularly and to select elements that will be examined accurately. Testing and optimizing is an integral part of every digital marketer. The BF Ltd (case 4), an online shopping SME, analyzed its user's behavior and characteristics, to find out that 20% of users convert at their second interaction and that price comparison is a massive factor in purchase decision making. This leads them to make some critical strategic decisions. Among their goals, they include generation of qualified leads at an efficient CPA (cost per acquisition), PO experimented with the In-Market audiences (people who are actively looking for products) and combined them with the remarketing campaigns. This resulted in revenue being increased by 115% in the third month, increasing the total amount of conversions by more than 500%. The practice has shown that it is also essential to test, monitor and evaluate its performances, and to compare them with similar performances of its individual competition. The case of PS Ltd (case 1) demonstrated that regular and continuous monitoring, including the review of competition performance and achievements, should be considered as an essential segment of each online strategy. PS Ltd compared the prices of its products with its competition in order to create a feasible strategy.

Testing targeted elements of their campaigns and comparing own performances with those of competition, usually lead to optimization of the marketing campaigns. Campaigns need to be optimized on a continuous basis. There are several levels of optimization, and this includes technical optimization, optimization at campaign and group level, optimization at ad level, and optimization at the keyword level. P.S. Ltd (case 1) started to implement the advanced strategies on a more regular basis and to monitor campaign, its activities, key indicators and results on an ongoing, daily, basis. Among the most important and helpful things that company

did was that the utilization of the newest Google Ad Words features to ensure that the client races ahead of the competition. Another case, UTC, optimized the bid by using several modifiers for both, broad match and long-tailed keywords, to grow revenue while raising brand awareness in the marketplace. The company experimented with several versions of ad copies to encourage high click-through rate.

Remarketing, or retargeting, is also an essential part of digital campaigns that may help to increase conversion rates and ROI. The logic behind this strategy assumes that past site visitors, who are familiar with the brand, are much more likely to become customers or complete other valuable actions on one's website.

There are many reasons for which clients leave one website, sometimes these reasons are objective and could be rationally explained while in other cases it has nothing to do with the page or the offer on it. There is a need for continuous and in-depth research to detect the reasons and react accordingly. The BF Ltd (case 4), an online shopping SME, analyzed its user's behavior and characteristics, to find out that 20% of users convert at their second interaction and that price comparison is a massive factor in purchase decision making. Therefore, the company set up remarketing audience lists and, once they collected enough user data, implemented display remarketing and RLSA. Another company, AP - Swedish beauty product retailers (case 2), decided to try display advertising, and remarketing in particular, to broaden their reach. Remarketing on the Google Display Network enabled AP to show ads to users who viewed products online but still had not yet made a purchase. The display has been considered as an ideal strategy for retailers such as AP, where the buying cycle tends to be shorter, and customers often make repeat purchases. Remarketing enabled AP to categorized its users. The first group of users has been classified along with their shopping habits, and different lists based on this have been created. For example, users who added products to their shopping cart without making a purchase would go on the "cart abandoners" list. Likewise, users who didn't

take action after viewing a product would be on the “product viewers” list. Other lists were “past buyers” and “returning visitors”. AP then created different ad creatives based on what actions users had taken. With separate lists, they could tailor the adequate creative to the user. On most occasions, they offered an additional discount on an already reduced-price product which prompted users to make a purchase decision. By making the ads as relevant as possible, they were able to increase the conversion rate and drive a better ROI.

As discussed in the theoretical part, there are five general objectives of digital marketing strategies in order to perform successfully, and this includes – getting people to the website, keeping them as long as it is needed to actively use the services or make purchase, to persuade them that your business is the natural one for them or the best one among competition, to interact with them and make them come back, and finally to get permission to talk with them directly. At a general level, the digital strategy is a tool for each business to maximize its incomes and revenues. Regarding this, there are five domains of online marketing strategy that is important for each company and this relates to increasing the number of sales, increasing the conversion rate, increasing the number of return visitors, reducing bounce rate and organic traffic volume. The first three will be discussed here, taking into account the cases included in the thesis.

Increase the awareness and sales of one company’s product is the primary goal of any marketing strategy. Only well-planned marketing plans would help the company to build sales and to manage it properly. In all cases taken into account for this research the important decision was to engage advertising specialists externally to help them set and develop their online marketing strategies.

For example, due to the strategies P.S. Ltd (case 1) implemented, the results have been successful. This could be observed from their internal business results, as shown in the year-on-year comparison provided in the chapter V. The figures indicate success when it comes to

conversion rate – but within the 3rd quarter of the ongoing business year, conversions increased by 141% compared to the same period of the last year, conversion rate increased by almost 60%, CTR (click through rate) increased by 6%, while cost per conversion decreased by 31%. Same happened with the case 3 – OP company – when adoption and implementation of the digital strategy, resulted in a more successful performance. As such, company was able to maximize its revenue by almost 17% which is above considering the industry and competition. The conversion rate was also significantly improved by nearly 6%, and most importantly the transactions increased by an impressive 15%.

Some companies, such as PO Ltd (case 5) had several problems before engaging advertising specialists externally. In their case, after running PPC for nearly two years, and having witnessed indifferent results (PPC revenue had fallen by 26% YOY), the company has decided to change its online marketing strategy. They knew their offering was robust but were unable to replicate the strong results their competitors have from their PPC efforts. As part of the new strategy, the company set the following goals –

- a) it aims to expand online visibility and scale accordingly,
- b) its goal was to attract more qualified traffic to the website to increase return on ad spend (ROAS),
- c) it aims to drive more conversions without increasing the cost per acquisition, and finally, it intends to increase revenue and achieve a higher ROI.

All these lead to massive success for PO. Their business saw an upturn in revenue which increased by more than 100% from £30k to £65. The number of transactions also grew by 112%, while e-commerce conversion rate increased by a steady 2.7%.

All six cases and their experiences confirmed that successful, tailored, and flexible (open for testing and optimization) is the best way for SME to maximize their operation and increase

business revenues. Selection of proper Key Performance Indicators is crucial in the stage of planning in order to set an appropriate frame for tracking their implementation, and also to monitor and evaluate the entire process properly to adapt strategy to various unpredicted circumstances and put the whole campaign on the right track. This is in line with the findings from the online survey where most of the respondents demonstrated believe that online marketing has to be continuous activity since it keeps customers informed and engaged (33 %), while the least think it is for maintaining marketing momentum (12 %).

7. Conclusion

This part of the thesis aims to summarize the main findings and also outline main recommendations for further researchers in the similar area.

The proliferation of the internet and online platforms substantially affected the business, expanding the opportunities for different actors including the Small and Medium Enterprises (SMEs). In line with these trends, marketing activities have been adapted to new and growing trends, migrated online, and variety of different tools have been developed to foster its efficiency.

This thesis aimed to measure the role of digital marketing strategy with accurate key performance indicators on the success of small and medium-sized companies. While measuring and monitoring business is critical and can yield excellent results, key performance indicators that have poor structure can be costly. It is essential that companies structure KPIs that are aligned, attainable, acute, accurate, actionable, and alive to influence consumers and influence their business. By measuring these key performance indicators, digital marketing can change the course of SMEs and increase their profitability.

Research provided within this thesis assumed two types of problems deserved research attention in order to understand the effects of digital marketing strategy and applied criteria correctly. First could be formulated as a question - What we do not know when it comes to the relationship between SMEs success and implementation of strategy with KPI's? Second, relates to the practical problem for SME's when applying KPIs as part of their digital marketing strategies, and that is supposed to result in more likely and possible outcomes.

To understand the importance of online marketing strategies for SMEs the research was developed and conceptualized in line with the following research question - Does the impact of digital marketing strategy with crucial KPIs result in the success of small and medium-sized companies?

The thesis is divided into seven chapters. Following the introduction that includes the presentation of primary research purpose, objectives, and methods used, second chapter (literature review) examined the critical, theoretical and empirical contributions on how SMEs use digital marketing in existing strategies and how digital marketing use key performance indicators to maximize the business and company's efficiency. In this section of the thesis, the central concepts have been elaborated and unpacked. Following two chapters are set to present main findings from the cases (section four) and an online survey (chapter five) and discuss them to test main thesis's assumptions and against general results (chapter six).

Main findings and following discussion have indicated, based on the cases analysis, that precondition for success in business is that any digital marketing effort or activity needs to be strategically planned, based on evidence or driven by data, each of step of the process has to be seriously considered. Analytics used for each KPI has to be tailored in line with the type, objective, mission, and vision of the business. While targeting the audience, this has to be done through segmentation into smaller groups with demographic information and specific characteristic that is considered to be strategically vital for one's company. Return on Investment (ROI) is regarded as one of the most important goals of each market strategy, including the digital one.

Analyzed cases faced various challenges while creating their marketing strategies for digital platforms. These challenges included the absence of the digital marketing strategy at all, conversions rates, high costs of cost-per-conversion (CPC) rate, revenues, online visibility, and need to attract more qualified traffic to their websites. Additional challenges, but specific to some instances, indicated during research include recapturing conversions they might have lost by bringing back customers to their website, growing the number of their leads (conversions) without compromising the quality, and increasing e-commerce conversion rate and to generate

more sales. For OP, a British online pharmacy, it was the biggest challenge to comply with the guidelines for online marketing for specific and niche business such as the healthcare.

Experiences from the six cases and analysis that was focused on PPC, and different aspects of this online marketing strategy, including account structure, keywords, budgets for different situations, testing right elements and optimization, lead to several important observations.

First, for successful PPC performance, the strong account structure is an essential precondition. Most of the companies analyzed in this thesis acknowledge this as a precondition for a successful online marketing strategy. For example, in cases of BF Ltd and UTC, their entire accounts have to be reviewed by the engaged advertising agency, in order to identify problematic areas and hidden opportunities and to restructure account by implementing new campaigns, ad groups, and keywords. In the case of OP - the pharmaceutical company, this was a big challenge since this company faced certain limitations while creating its account since some healthcare-related content can't be advertised at all, while others can only be promoted if the advertiser is certified by Google and Bing, and targets only approved countries.

Second, the importance of keywords selection and categorization is another important aspect. Entire PPC campaigns are built around keywords, and those successful continuously grow and work on their PPC keyword lists. A useful PPC keyword list is characterized as relevant, exhaustive and expansive, as well as time-consuming.

Third, defining a separate budget for each campaign is an excellent way to optimize and rationalize the spending. In the case of AP, their external advertising agency helped them in this domain by using and optimizing shopping and search campaigns and this lead to an expansion of the company's reach without upsetting their budget. Their experience indicated that both, shopping and search campaigns, serve best with a specific audience or people who are actively browsing to buy products and often has a high ROI.

Fourth, due to the fact that PPC campaigns are money-consuming, there is a need to optimize its use and to make it being more efficient. In this regard, it is essential to test ads regularly and to select elements that will be appropriately examined. For example, BF Ltd is analyzing its user's behavior and characteristics, prior making any critical strategic decisions. Testing targeted elements of their campaigns and comparing own performances with those of competition, usually lead to optimization of the marketing campaigns.

Fifth, campaigns need to be optimized on a continuous basis. For example, P.S. Ltd started to implement the advanced strategies on a more regular basis and to monitor campaign, its activities, key indicators and results on an ongoing, daily, basis. Among the most important and helpful things that company did was that the utilization of the newest Google Ad Words features to ensure that the client races ahead of the competition. Another case, UTC, optimized the bid by using several modifiers for both, broad match and long-tailed keywords, to grow revenue while raising brand awareness in the marketplace.

Finally, remarketing is also an essential part of digital campaigns that may help to increase conversion rates and ROI. The logic behind this strategy assumes that past site visitors, who are familiar with the brand, are much more likely to become customers or complete other valuable actions on one's website. AP - Swedish beauty product retailers decided to try display advertising, and remarketing in particular, to broaden their reach. Remarketing enabled them to show ads to users who viewed products online but still had not yet made a purchase.

All six cases and their experiences confirmed that successful, tailored, and flexible (open for testing and optimization) is the best way for SME to maximize their operation and increase business revenues. Selection of proper Key Performance Indicators is crucial in the stage of planning in order to set an appropriate frame for tracking their implementation, and also to monitor and evaluate the entire process properly to adapt strategy to various unpredicted circumstances and put the whole campaign on the right track.

Due to the time limitation, and the narrow scope of this thesis and its focus on PPC strategies solely, there are other fields and specific strategies that should be tackled and analyzed in further researches. This thesis opens the opportunity for research on the buyer personae, SEO, SME, use of social media as a platform for digital marketing, etc.

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Appendix

Online Marketing questionnaire given to the marketing experts

- 1) What is your area of expertise?
 - a) SEM (Search Engine Marketing)
 - b) SEO (Search Engine Optimization)
 - c) Web Development/Design
 - d) CRO (Conversion Rate Optimization)
 - e) Social Media
 - f) Copywriter/Editor
- 2) What is the most relevant marketing strategy in your opinion? (Choose the most relevant option)
 - a) Search Engine Optimization
 - b) Website development
 - c) Online advertising
 - d) Social Media presence
 - e) Building a buyer persona
- 3) Is online marketing a cost-effective strategy for SMEs? (Choose the most relevant option)
 - a) Yes
 - b) No
- 4) Why is it a cost-effective strategy? (Choose the most relevant option)
 - a) Brings you closer to the target audience
 - b) Higher ROI than traditional marketing strategies
 - c) It's cheaper than conventional methods
 - d) Social media is free to join
 - e) Variety of tools available to measure performance
- 5) Should SMEs use popular search advertising services like AdWords and Bing? (Choose the most relevant option)
 - a) Yes
 - b) No
- 6) Why so? (Choose the most relevant option)
 - a) Increases leads and customers
 - b) AdWords & Bing are measurable and flexible
 - c) Advertising costs can be controlled
 - d) It taps into high-quality traffic source
 - e) Results are fast and transparent
- 7) Are KPIs important for SMEs to measure online marketing strategies? (Choose the most relevant option)

- a) Yes
 - b) No
- 8) Why are KPIs so important? (Choose the most relevant option)
- a) Monitor the performance of digital marketing efforts
 - b) Measure the effectiveness of online marketing strategies
 - c) Determine specific targets and goals and measure their performance
 - d) Aligning business goals with the marketing approach
- 9) Why should SMEs use social media platforms? (Choose the most relevant option)
- a) Connect with your target audience
 - b) Increase brand awareness and loyalty
 - c) Increase traffic and conversions to the website
 - d) Targeted advertising
 - e) Open opportunities for sharing
- 10) Why is SEO important for SMEs? (Choose the most relevant option)
- a) SEO provides a business credibility
 - b) Has one of the best ROI in advertising
 - c) High-quality traffic on the website
 - d) Rank higher in the search engine ranking page
- 11) Which tools do you use to measure online marketing performance? (Choose the most relevant option)
- a) AdWords
 - b) Google Analytics
 - c) Kissmetrics
 - d) Mixpanel
 - e) SEMrush
- 12) Why does online marketing need to be continuous? (Choose the most relevant option)
- a) To keep customers informed and engaged
 - b) To keep in track of your competitors
 - c) To maintain marketing momentum
 - d) To increase sales or leads
 - e) To ensure business growth